KEELEY
Funds
A Gabelli Group Company

Third 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 9/30/2023. 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 September 30, 2023, the Keeley Mid Cap Dividend Value Fund's net asset value ("NAV") per Class A share fell 4.1% compared to the 4.5% drop in the Russell Mid Cap Value Index. So far this year, the Fund is up 0.2%, slightly behind the 0.5% gain in the benchmark.

Commentary

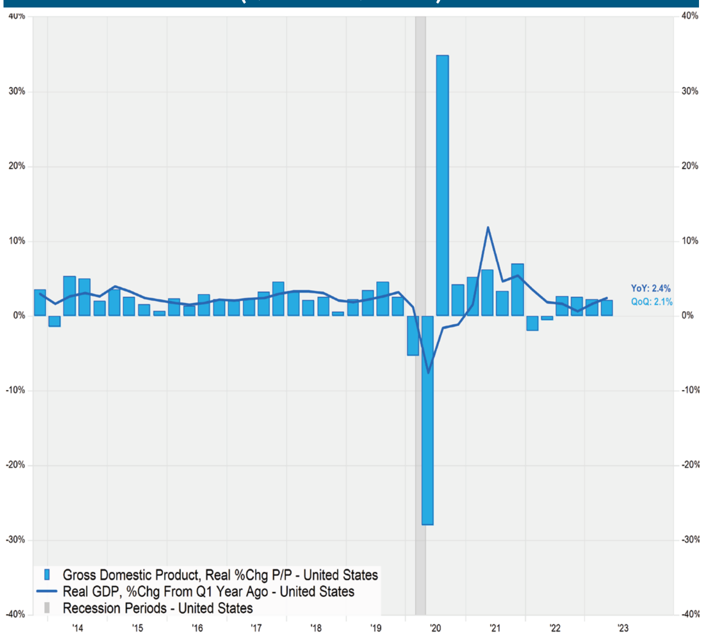
After a strong start to the year and a very good second quarter, stocks retreated somewhat in the third quarter. The third quarter ended with a typically weak September. In the stock market, September is the only month that broadly has a negative average monthly return. Since 1978, the average return for the S&P 500 in September is -0.52%. Over that time period, the market rose in only 51% of Septembers. In most other months, it is up more than 60% of the time.

Market Performance

As of September 30, 2023	3 Months	Year-to-Date	1-Year
S&P 500 Index	-3.3%	13.1%	21.6%
Russell 3000 Value Index	-3.2%	1.7%	14.0%
Russell 3000 Index	-3.3%	12.4%	20.5%
Russell 2500 Value Index	-3.7%	2.0%	11.3%
Russell Midcap Value Index	-4.5%	0.5%	11.0%
Russell 2000 Index	-5.1%	2.5%	8.9%
Russell 2000 Value Index	-3.0%	-0.5%	7.8%
Bloomberg Barclays Agg. Bond Index	-3.2%	-1.2%	0.6%

Source: eVestment.

USA Real GDP Growth (Q4 2013 - Q2 2023)



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

While there have been some famously bad Octobers, on average the market rises. The fourth quarter has historically been the best quarter of the year for stocks with an average quarterly return of 5.4% and a 73% hit rate since 1978.

As we look over the next year, we see both positives and negatives. How they develop will likely determine the course of the market.

Reasons for optimism

• **Economic growth looks strong.** We could point to a lot of indicators here, but the Atlanta Fed's GDPNow currently stands at 4.9%. Nearly 5% growth is a pickup from the first half and the acceleration comes despite a tougher comparison.

• **Estimates have stabilized.** Earnings estimates for the S&P 500 began to fall when the Fed started to raise interest rates. From March 2022 to June 2023, the 2024 estimate fell about 11% and fell almost every month. Since then, it has risen slightly.

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• **Valuations do not look stretched.** At the end of the quarter, the forward P/E on the S&P 500 was 17.9x. This is up from a year ago and above the long-term average but is not in the "danger zone" where forward returns have been negative. Midcaps and small caps look especially appealing as they both trade below their long-term averages.

• **Seasonality is on our side.** Since 1979, the average return in the fourth quarter of the year has been 5.4% for the S&P 500. It has appreciated in 73% of fourth quarters since then. In the quarters where the market was down in the third quarter, the S&P averaged a 6.7% gain and was up thirteen out of fifteen times.

Causes for concern

• **The recent surge in oil prices could reignite inflation.** While food and energy are typically excluded from many calculations of inflation, energy is an important input into many elements that are included in inflation. If inflation increases, rates will likely go higher, or stay higher longer than investors currently anticipate and will increase the odds of an economic downturn.

• **The rise in longer-term interest rates could persist.** Longer-term interest rates should reflect investor expectations of what short-term rates should average over the longer time period. With the US government's accumulated deficit surpassing $33 trillion and the increase in rates over the last eighteen months, interest expense has become an important expenditure.

• **Earnings estimates for 2024 might be optimistic.** According to FactSet, current consensus estimates project 12% earnings growth for the S&P 500 and 34% growth in profits for the Russell 2000 in 2024.

• **Geopolitical events have cast a cloud on world peace.** The war in Europe and the turmoil in Congress make the geopolitical outlook a bit more unsettled than usual.

Overall, we think the outlook appears fairly balanced. Our process is built on the pillars of quality, timeliness, and value. At this juncture, we lean more heavily on quality. Our bottom up process seeks companies that can sustain their dividends in a higher rate environment.

Portfolio Results

The Fund outperformed its benchmark in the third quarter. The KEELEY Midcap Dividend Value Fund fell 4.1% in the quarter, about 40bps better than its benchmark, the Russell Midcap Value index.

Two of the three factors driving relative performance worked in the Fund's favor. When we evaluate performance, we look at three factors: Dividend vs. non-dividend, Sector Allocation, and Stock Selection. In the third quarter, Stock Selection and Dividends were a tailwind to relative performance while Sector Allocation had minimal impact.

• We estimate dividend-payers within the Russell Midcap Value index outperformed the overall index by a bit less than one point, although this factor is interwoven into the other two factors.

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

• Stock Selection contributed positively to relative performance. Two sectors contributed positively to relative performance, one detracted, and the rest were neutral. The Fund saw its biggest relative contributions in the Consumer Discretionary and Information Technology sectors, while Financials was the biggest detractor.

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The details for those who want to dig deeper.

• **Information Technology** – The Fund saw its best relative performance in the Technology sector where the Fund's holdings appreciated in value while the benchmark's Technology holdings declined. Most of the Fund's outperformance can be attributed to the strong performance of Jabil, which is discussed later in the Let's Talk Stocks section of this update. That said, the Fund's other Technology holdings mostly held up better than those in the index with TD Synnex rising and only Skyworks declining more than the sector in the benchmark.

• **Consumer Discretionary** – The overall Consumer Discretionary sector lagged the Russell Midcap Value index in the third quarter, but the Fund's holdings held up a little better. Interestingly, most of the sector's outperformance came from a strong gain in the shares of auto supplier Autoliv, despite the pending auto strike. Strong results fueled the shares. Marriott Vacations and Valvoline were on the other side of the ledger. The former reported disappointing second quarter results and lowered guidance while the latter was coming off a Dutch auction tender offer.

• **Financials** – The Financial sector was one of only two sectors to rise in the third quarter; the other was Energy. The Fund's holdings in the sector, however, declined. While weak price performance from Synovus and Voya contributed to the performance shortfall, the majority of the weakness can be attributed to a 25% decline in the shares of Discover Financial. As it was one of the Fund's biggest detractors, it is discussed later in this report.

During the quarter, the Fund bought one new position and completed the sale of two holdings.

Let's Talk Stocks

The top three contributors in the quarter were:

Jabil Inc. (JBL - $126.89 – 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 has been the Fund's biggest contributor in all three quarters so far in 2023. This was partly because it is one of the Fund's largest holdings, but shares have performed well. Throughout the year, the company has delivered strong earnings gains and increased forward expectations. During the third quarter, the company also announced the sale of its Mobility business to BYD Electronics of China for $2.2 billion. These operations generate about $4 billion in annual revenue but have less expansive growth opportunities and carry lower margins. The sale of the business also reduces Jabil's customer concentration. It plans to mostly return the proceeds to shareholders through buybacks. The combination of an improved growth and margin profile and the prospect of large share repurchases was received well.

Diamondback Energy (FANG - $154.88 - NASDAQ) is a large independent oil & gas exploration & production company with its acreage position located in the Permian Basin in West Texas. During a quarter that saw a significant increase in domestic oil prices, Diamondback posted a modest production increase vs. investor expectations but also expects its capital expenditures to remain low going into next year based on improved operating efficiencies and declining service costs. Diamondback also elected to once again increase its base dividend and increased share repurchases.

Valero Energy (VLO - $141.71 – NYSE) is a large refiner of crude oil to make gasoline and diesel fuel with operations primarily along the US Gulf Coast. Valero reported strong earnings. These benefited from a widening spread between Valero's crude oil input costs and Brent crude pricing, a key determinant for gasoline prices, in the wake of OPEC supply reductions. Valero also completed one of its renewable diesel projects early and significantly increased its share repurchase authorization during the quarter.

The three largest detractors in the quarter were:

FMC Corporation (FMC - $66.97 — NYSE), a leading provider of agricultural chemicals for insecticides, herbicides, and fungicides, faced another quarter of challenges. Unlike previous challenges, which were more focused on costs, FMC experienced unprecedented volume declines in three of its four main geographic regions. This appears to be mostly related to destocking activity at distributors. Inventories had been elevated and customers took action to reduce them, particularly in light of higher carrying costs as a result of the increase in interest rates. The shortfall stood in stark contrast to management's enthusiasm heading into the quarter, where it anticipated a significantly improved second half of 2023. As these expectations did not materialize, the company's outlook has become more cautious. While the recent results have been disappointing, FMC remains a significant global player in herbicides and fungicides and the intermediate-term outlook remains solid.

Discover Financial Services (DFS - $86.63 — NYSE) is a bank holding company that issues the Discover Card and operates the online Discover Bank. For the second time in as many years, the company paused its share repurchase program after disclosing issues in regulatory compliance and controls. During the quarter it announced that it expected to receive a consent order from the FDIC. The repeated missteps on this front led to the dismissal of the previously well-regarded CEO. In early October, the consent order was released. It does not appear to contain any negative surprises and the FDIC did not levy any fines. While some of the measures will cost some money to implement, most of that has probably been built onto expectations. It seems buybacks are likely to resume relatively soon.

WESCO International (WCC - $143.82 — NYSE) distributes electrical components to a wide variety of utility, broadband, commercial construction, and industrial customers. While the company finally generated free cash flow and can more meaningfully reduce its balance sheet leverage, it lowered its earnings forecast for the year as it has seen pockets of customer inventory destocking. This may take another quarter or two to play out. We believe that there is plenty of end-market demand to support favorable pricing and volumes going forward once the dislocation between excess customer inventory and underlying customer demand is resolved.

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.

October 10, 2023

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*The Fund's inception date is October 1, 2011.

**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

AVERAGE ANNUAL TOTAL RETURNS (as of 9/30/2023)

	KMDVX No Load	KMDVX Load	Russell Midcap Value
1 Year	12.98%	7.87%	11.05%
5 Year	4.08%	3.13%	5.18%
10 Year	7.78%	7.28%	7.92%
Since Inception*	10.71%	10.29%	11.11%
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)
September 30, 2023

Name	Weight (%)	Name	Weight (%)
Jabil Inc.	2.89%	Brunswick Corporation	1.69%
Molson Coors Beverage Company Class B	1.98%	Diamondback Energy, Inc.	1.69%
nVent Electric plc	1.85%	Oshkosh Corp	1.69%
Ensign Group, Inc.	1.82%	Hasbro, Inc.	1.65%
Gen Digital Inc.	1.72%	Equitable Holdings, Inc.	1.58%

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.

KEELEY Funds
Direct Shareholders: 800-422-2274
Investment Professionals: 800-422-2274
National Accounts: 800-533-5344
info@keeleyfunds.com

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