KEELEY
Funds
A Gabelli Group Company

Fourth Quarter 2023 Commentary

Small 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 12/31/23. 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 December 1, 2009.

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 December 31, 2023, the Keeley Small Cap Dividend Value Fund's net asset value ("NAV") per Class A share gained 13.2% compared with a rise of 15.3% for the Russell 2000 Value Index. For the full year, the Fund trailed its benchmark as it was up 10.0% compared with a 14.7% rise in the index.

Commentary

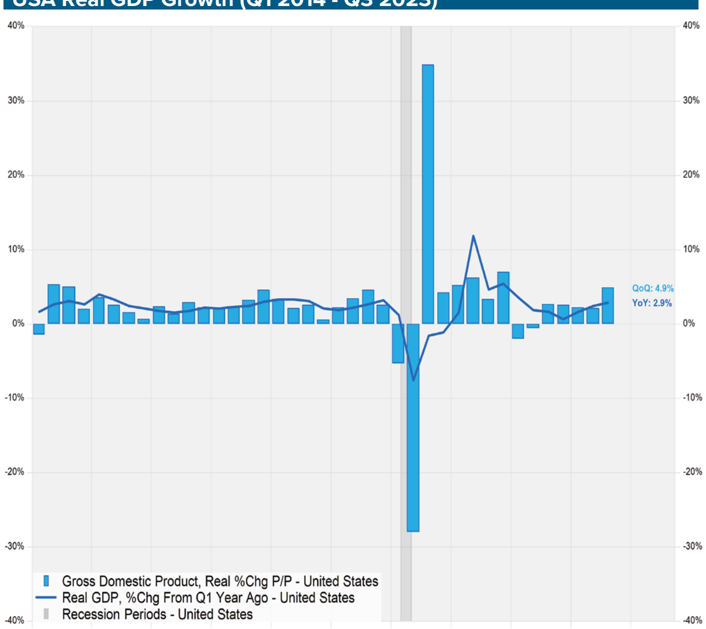
After a difficult 2022 and a choppy first nine months, stocks ended 2023 on a strong note. Growing investor confidence that the Fed is done raising rates for this cycle drove prices of almost all assets higher. Falling rates drove the bond market, as measured by the Bloomberg Aggregate, to its best quarterly performance since the third quarter of 1982. Its 6.2% return, however, paled in comparison to the double-digit gains produced by the equity market.

Market Performance

As of December 31, 2023	3 Months	1-Year	3-Year
S&P 500 Index	11.7%	26.3%	10.0%
Russell 3000 Value Index	9.8%	11.7%	8.8%
Russell 3000 Index	12.1%	26.0%	8.5%
Russell 2500 Value Index	13.8%	16.0%	8.8%
Russell Midcap Value Index	12.1%	12.7%	8.4%
Russell 2000 Index	14.0%	16.9%	2.2%
Russell 2000 Value Index	15.3%	14.7%	7.9%
Bloomberg Barclays Agg. Bond Index	6.8%	5.5%	-3.3%

Source: eVestment.

USA Real GDP Growth (Q1 2014 - Q3 2023)



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

Stock markets experienced broad-based strength. Fourth quarter equity returns ranged from good to outstanding. On the good end were the 5% gains in international stocks, while US stocks appreciated more sharply with the S&P 500 up 11.7%. Small caps performed even better with the Russell 2000 up 14.0%. Style favored growth for large and mid-caps, but value for small caps.

Interest sensitive sectors performed well. Ten of the eleven sectors gained ground in the quarter with only Energy in the red. Interestingly, Real Estate and Financials were two of the better performing sectors across market cap ranges. Surprisingly, Utilities lagged the strong move in equities despite the fall in longer-term interest rates. The relative ranking of other sectors was fairly size/style specific. For example, the Magnificent Seven (Alphabet, Amazon, Apple, Microsoft, Meta, Nvidia, and Tesla) drove the technology sector to lead large cap performance, but Technology lagged in the Russell 2000 Value index.

We were particularly encouraged by

the outperformance of small caps. As small- and midcap specialists, we were heartened to see that small cap stocks outperformed large and mid-caps in the core and value styles and mid-caps outperformed large caps in core, value. and growth. The single best performing size/style in the quarter was the Russell 2000 Value which rose 15.3%. This was a substantial change from the first three quarters of the year when that index was down 0.5% compared with the 13% gain in the S&P 500.

Small caps remain attractive even after a quarter of outperformance. We were optimistic that a turn in relative performance was coming, and this may be the start of it. Even with the outperformance this quarter, small caps remain near record low valuations relative to large caps. At year-end, the forward P/E of the Russell 2000 stood at 21.9x. This is 107% of the P/E of the Russell Top 200 index. The average since 1999 has been 128% and the relative multiple has been at this wide a discount to average less than 10% of the time. Value also looks inexpensive relative to growth with the Russell 2000 Value index trading at 16.3x, 47% of the P/E of the Russell 2000 Growth index vs. a more typical 58%.

A levelling-off or a decline in rates should be good for dividend payers. The strong fourth quarter relative performance of the Real Estate and Financial sectors may presage further outperformance for these sectors if the Fed is done raising rates and begins to pull back on some of the tightening of monetary conditions. Utilities might also participate as they have historically done. These sectors all have high propensities to pay dividends and are much larger weights in the value benchmarks.

As we look ahead, we are encouraged by the opportunities in our sector of the stock market. While large cap stocks trade at valuations well in excess of past averages, small and midcap stocks are much closer to average and are at historically wide discounts to the overall market. As always, we remain focused on finding stocks of companies with better than average businesses, where the future looks better than the recent past, and which trade at discounts to our assessment of intrinsic value.

Portfolio Results

The Fund lagged the very strong gains generated by the Russell 2000 Value Index. The Keeley Small Cap Dividend Value Fund rose 13.2% in the fourth quarter compared with the 15.3% gain in the Russell 2000 Value Index. Interestingly, most of this gain came in the last month of the quarter as the Index was up 12.4% in December. This was the sixth best monthly performance for the benchmark since it was created in 1979! About 90% of the Fund's underperformance in the quarter came during this unusually strong period.

Allocation and Selection more than offset other factor contributions in the quarter. We disaggregate performance into three factors: Dividend vs. non-dividend, Sector Allocation, and Stock Selection. In the fourth quarter, dividends were slightly favorable, although some other factors (profitability) hurt performance. Both Sector Allocation and Stock Selection detracted from relative performance.

- We estimate dividend-payers within the Russell 2000 Value index outperformed the overall index by a little more than 100 basis points. It is sometimes difficult to disaggregate this factor from the other two, but we did not capture this tailwind. Furthermore, much of it was offset by outperformance by the smallest market cap, higher beta, and lower profitability company stocks.

- Sector Allocation (do the sectors the Fund is overweight/underweight outperform/underperform?) detracted from relative performance slightly. The Fund's small cash holdings were the main driver of this and were partly offset by a small underweight in the Energy sector, which was the only sector declining in the quarter.

- Stock Selection (do the stocks held by the Fund outperform the sectors in which they reside?) was the main source of underperformance in the quarter. Most of the underperformance came in the Financials sector, but Technology and Health Care lagged as well. The lone bright spot in Stock Selection was the Industrials sector.

The details for those who want to dig deeper.

- **Industrials** – The Industrials sector is the second largest in the benchmark and performed in line with the overall index. The Fund's holdings performed slightly better. The dispersion of returns was remarkably high with returns among the Fund's twelve holdings ranging from -3% to +97%! At the top of the list were Spirit Aerosystems and Griffon Corporation. As these were two of the Fund's best performing stocks in the quarter, they are discussed later in the "Let's Talk Stocks" section of this report.

- **Financials** – The Financials sector is the largest sector in the Russell 2000 Value index, and it comprises more than 25% of the overall weighting. Banks account for nearly two-thirds of this. This quarter, Financials were the best performing sector with a gain of nearly 24%. The Fund's stocks did not keep pace with these strong gains largely due to the performance of its holdings outside of the banking sector. The single biggest detractor was the Fund's lone insurance company stock, James River, which declined in the quarter and is discussed later in this report. In addition, holdings in asset management and financial technology did not keep up with strong gains seen in those sectors.

- **Information Technology** – Technology is a mid-sized sector that surprisingly lagged the overall index by a little in the fourth quarter. The Fund's holdings lagged by more. While only Adtran was down, all four of the Fund's positions appreciated less than the Technology stocks with the benchmark.

- **Health Care** – The Health Care sector is another mid-sized sector within the Russell 2000 Value index. It outperformed the overall index based on the strength of shares in the Biotechnology industry. Surprisingly, biotech makes up half the sector's weight in the Russell 2000 Value index. With none of them paying dividends, the Fund had no holdings which drove the contribution from stock picking in the sector to lag. The Fund did have some bright spots as shares of Embecta Corporation and Ensign Group were both up more than 20%.

During the quarter, we bought two new stocks and completed the exit of two positions.

Let's Talk Stocks

The top three contributors in the quarter were:

Kontoor Brands (KTB - $62.42 – NYSE) owns two well-known jeans brands: Lee and Wrangler, and markets apparel and footwear under these banners. During the fourth quarter, Kontoor reported earnings that beat expectations. Furthermore, it provided upbeat commentary on two fronts: China and overall earnings growth in 2024. In November, Kontoor leaders told the investment community that they expected their China business to inflect positively in the fourth quarter and that in fact, they already had begun to see evidence of that. Also, management indicated an expectation of accelerated earnings growth in 2024 as Kontoor's gross margin expands due to lower input costs and better product mix. Supporting this outlook, Kontoor has reduced inventories, and the company is seeing strong demand from consumers.

Spirit AeroSystems (SPR - $31.78 – NYSE) manufactures fuselages and aftermarket parts to support commercial and defense aircraft production, primarily for Boeing. The stock responded favorably to a CEO transition to board member Pat Shanahan, an aerospace industry veteran who moved quickly to improve the company's liquidity and cash flow. First, Spirit entered a memorandum of understanding with Boeing that will improve short-term cash generation while the production rate of the 737 MAX and the 787 ramps. A similar negotiation is ongoing with Airbus. Secondly, Spirit was able to complete a debt refinancing and an equity offering which will improve liquidity and remove an overhang on the stock. The supply chain in commercial aerospace has held together well enough recently that production ramps are more likely.

Griffon Corporation (GFF - $60.95 – NYSE) operates prominent brands in consumer home and garden tools, closet organization, and garage doors. The company had a couple of positive developments in the quarter that drove strong stock price appreciation. First, Griffon reported earnings that surpassed expectations, primarily attributed to continued robust EBITDA margin performance in the Home and Building Products (garage doors) segment. Management put to rest worries about the potential deterioration in EBITDA margins due to the normalization of raw material costs and a heightened competitive environment by projecting a continuation of strong EBITDA margins for fiscal 2024. Second, the company has continued its commitment to enhancing shareholder value. This includes a noteworthy 20% increase in the quarterly dividend, representing the second double-digit increase this fiscal year. Additionally, the company bought back 1.9 million shares in the current quarter, bringing the fiscal year's total to approximately 7% of outstanding shares. Finally, the board increased the existing repurchase authorization by $200 million.

The three largest detractors in the quarter were:

James River Group Holdings (JRVR - $9.24 — NASDAQ) writes specialty insurance for middle market companies. It focuses on excess and surplus lines which gives it more levers to manage risk. While overall earnings have met expectations in the last several quarters, adverse prior period loss development has been a consistent theme within results. This has made investors concerned about future losses. During the quarter, the company announced the sale of a division that recently had been the source of these concerns. While we believe the transaction is a long-term positive for James River, the price received and the negative impact on book value pressured the company's shares.

ChampionX Corporation (CHX - $29.21 – NASDAQ) is a market leader in both chemicals used in the production of oil & gas and lifting systems that bring commodities to the surface for gathering in production. The company's third quarter results fell below expectations due to slower well completion activity that occurred in September and carried on into October. This caused the company to lower its outlook. Despite a decline in commodity prices, management sees growth in its chemical business in 2024 due to an increase in offshore well completions which use more chemicals than onshore wells. Onshore customers are also increasing the intensity of chemicals per well which points to improved growth.

Atlas Energy Solutions (AESI - $17.22 – NYSE) is a supplier of both proppants (sand) and associated transportation services for oil & gas well completions in the Permian Basin in west Texas. The company saw a pullback in pricing for proppant as well completions slowed in the Permian Basin during the quarter as a response to lower commodity prices. The pullback in prices is believed to be short-term in nature and the company has negotiated quarterly pricing resets with several customers as it enters 2024 with a proppant mine expansion on track. Atlas is also expected to complete its Dune Express conveyor project by the end of 2024 which will significantly reduce delivery cost of proppant and enable Atlas to mine and deliver a ton of proppant well below the mining costs of its competitors.

Conclusion

In conclusion, thank you for investing along with us in the KEELEY Small Cap Dividend Value Fund. We will continue to work hard to justify your confidence and trust.

January 10, 2024

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Small Cap Dividend Value Fund

*The Fund's inception date is December 1, 2009.

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 1.29% for Class A Shares and 1.04% 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 12/31/2023)

	KSDVX No Load	KSDVX Load	Russell 2000 Value
1 Year	9.96%	5.01%	14.65%
5 Year	10.37%	9.35%	10.00%
10 Year	6.19%	5.70%	6.76%
Since Inception*	9.96%	9.60%	10.08%

Expense Ratio (Gross)**	1.48%
Waiver/Expense Reimbursement**	-0.19%
Expense Ratio (Net)**	1.29%

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, 2023

Name	Weight (%)	Name	Weight (%)
Kontoor Brands, Inc.	2.38%	CareTrust REIT, Inc.	1.89%
Primoris Services Corporation	2.25%	STAG Industrial, Inc.	1.83%
Ensign Group, Inc.	2.22%	Hillenbrand, Inc.	1.79%
TechnipFMC plc	2.17%	SouthState Corporation	1.76%
Spectrum Brands Holdings, Inc.	2.07%	First Bancorp	1.67%

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.

Small Cap Dividend Value Fund

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. 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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