KEELEY Funds
A Gabelli Group Company

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 9/30/2024. 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 800.422.2274 or visit www.keeleyfunds.com. The prospectus/summary prospectus should be read carefully before investing.

To Our Shareholders,

For the quarter ended September 30, 2024, the Keeley Mid Cap Dividend Value Fund's net asset value ("NAV") per Class A share gained 10.1% compared with a 10.1% rise in the Russell Midcap Value index. The Fund is also ahead of its benchmark on a year-to-date basis with a 15.7% gain vs. the 15.1% gain in the Index.

Commentary

Fed pivot. A little more than a year after its last increase, and about six months after investors expected it to move, the Fed finally cut rates on September 18th. With growth in the Consumer Price Index slowing to 2.5% in recent readings, well off the 9.1% highs set in June 2022, the Fed seems satisfied that it has brought inflation under control. It had signaled its intention to lower rates throughout the late summer. At 5.0%, the Fed Funds target rate remains well above the rate of inflation, so it seems more cuts are in store. Indeed, Chairman Powell suggested that another 0.5% is likely to come out of the benchmark rate by the end of the year. Furthermore, the futures curve forecasts an additional 100-150 basis points of reductions during 2025.

Market Performance

As of September 30, 2024	3 Months	YTD	1-Year
S&P 500 Index	5.9%	22.1%	36.4%
Russell 3000 Value Index	9.5%	16.2%	27.6%
Russell 3000 Index	6.2%	20.6%	35.2%
Russell 2500 Value Index	9.6%	11.3%	26.6%
Russell Midcap Value Index	10.1%	15.1%	29.0%
Russell 2000 Index	9.3%	11.2%	26.8%
Russell 2000 Value Index	10.2%	9.2%	25.9%
Bloomberg Barclays Agg. Bond Index	5.2%	4.4%	11.6%

Source: eVestment.

Great rotation. The other summer development important to investors in the Keeley Funds is that small caps outperformed large caps. During the third quarter, the Russell 2000 index of small cap stocks outperformed the Russell Midcap index which outperformed the Russell Top 200 index of large cap stocks. The 2000's gain of 9.3% bested that of the large cap index by 410 basis points in the quarter. On a year-to-date basis, however, small caps have a bit of catching up to do as the Top 200 is up 23.3% at the three-quarter mark compared to the 11.1% gain in the Russell 2000.

Value investing returns. We saw further good news from the relative performance of value stocks compared to growth stocks. Value stock performance exceeded that of growth stocks. Large caps saw the greatest difference as the Russell Top 200 Growth index rose only 2.8%, well behind the 9.1% increase in large cap value stocks. For small caps, the difference was a narrower 1.8 percentage points, 10.2% for value stocks vs. 8.4% for growth stocks. Many of the "value" sectors drove the performance in the third quarter. Within the Russell 2000, Real Estate, Communications Services, Financials, and Utilities paced performance. Energy was down and Technology was the second worst performing sector.

Momentum appears positive. We concur with the market's expectation for additional rate cuts. The Fed seems to be on the path to setting its target rate at something approaching neutral. That would be a big change because it has been either stimulative or restrictive for about fifteen years. Our optimism about small/mid cap and value stocks rests on three pillars: Earnings growth, valuation, and composition.

- Analysts expect small cap stocks to produce the fastest earnings growth in 2025. The S&P SmallCap 600 is projected to grow 21% in 2025 compared with 17% for the S&P MidCap 400 and 15% for the

S&P 500. Furthermore, earnings growth for value stocks is expected to outstrip that of growth stocks, 27% for value vs. 15% for growth in the S&P 600.

• Small caps and value stocks are historically very cheap. In fact, the forward P/E ratios for the S&P 600 and S&P 400 are below their twenty-year averages. At the same time, the S&P 500 is two standard deviations above its long-term average. On a relative basis, the S&P 600 trades at 78% of the P/E of the S&P 500 compared with a long-term average of 113%. Value looks slightly cheap relative to growth for small caps (91% relative P/E vs. 94% average) and very cheap for midcaps (76% vs 84%).

• Finally, the sectors that drove third quarter results could continue to outperform while the Fed lowers rates. Sectors such as Financials, Real Estate, and Utilities comprise much greater percentages of the small cap and value benchmarks than they do of the large cap indexes. For example, Financials account for 28.1% of the weight of the Russell 2000 Value benchmark, but only 5.5% of the Russell Top 200 Growth index. Real Estate and Utilities combine for 16% of the Russell 2000 Value and less than 1% of the Russell Top 200 Growth. These sectors generated lackluster returns for several years before 2024 and their valuations remain below average.

Dividend paying stocks should continue to perform well. Some of these factors also impact dividend paying stocks. After lagging in the first quarter, dividend paying stocks outperformed in the second and third quarters. If the value rally continues, dividend paying stocks likely continue to outperform as the “value sectors” have a much higher propensity to pay dividends than other sectors, particularly among smaller companies.

Our job is to find attractive investments in companies that can weather the uncertainty, and we will continue to do so.

Portfolio Results

The KEELEY Midcap Dividend Value Fund’s third quarter return of 10.1% was in line with that of its benchmark, the Russell Midcap Value index. On a year-to-date basis, the Fund is up 15.7%, slightly better than the benchmark’s 15.1% gain.

Dividends and Stock Selection drove outperformance. Several factors drive relative performance for the Fund. We generally disaggregate relative performance into three factors: Dividend vs. non-dividend, Sector Allocation, and Stock Selection. This quarter, the focus on dividends and Stock Selection contributed positively.

• We estimate that dividend-paying stocks in the Russell Midcap Value index outperformed the overall Index by about 100bps in the third quarter.

• Sector Allocation (do the sectors the Fund is overweight/underweight outperform/underperform?) was neutral. The Fund does not have any outsized sector overweights or underweights and the two biggest impacts from Allocation (slight underweight in Real Estate and a slight overweight in Utilities) offset each other.

• Stock Selection (do the stocks held by the Fund outperform the sectors in which they reside?) added slightly. Consumer Staples contributed the most in Stock Selection, although the Fund got smaller boosts from outperformance in Industrials, Materials, Health Care, and Financials. Stock Selection hurt relative performance in the Energy and Consumer Discretionary sectors.

The details for those who want to dig deeper.

Mid Cap Dividend Value Fund

• **Consumer Staples –** The sector is one of the smaller ones in the benchmark and lagged the overall market in the third quarter. The Fund's Consumer Staples holdings outperformed both the sector and the index on the strength of the stock of Kellanova. The announcement of its acquisition by Mars Inc drove a more than 40% gain in the shares.

• **Energy –** Energy is a mid-sized sector and was the weakest part of the market in the third quarter. An 18% decline in oil prices hurt most of the stocks in the sector. Two of the Fund's largest detractors, Diamondback Energy and NOV Inc. are in the sector and are discussed in the Let's Talk Stocks section of this report.

• **Consumer Discretionary** – The Consumer Discretionary sector is another mid-sized sector. It outperformed during the quarter, but the Fund's holdings failed to keep up. Results within the sector were highly disperse. On the positive side, a 45% gain in Victoria's Secret and 20%+ increases in Hasbro and KB Homes added to performance. This was offset by double-digit declines in Autoliv and Bath & Body Works. The former suffered from a slowdown in the automotive industry while the latter was one of the Fund's biggest detractors and is discussed later in this update.

Let's Talk Stocks

The top three contributors in the quarter were:

Kellanova (K - $80.71 – NYSE), formerly known as Kellogg, is the successor company after it spun off its North American breakfast cereals business into WK Kellogg. It now focuses on snacks and owns brands such as Pringles, Cheez-it, Nutri-Grain, and Pop Tarts. Shares rose sharply during the quarter when the rumors started, and eventually proved true, that the company would be acquired by Mars, Inc. It accepted an $83.50 per share all cash offer on August 14th.

GE Vernova (GEV - $254.98 – NYSE) is a leading manufacturer of equipment and systems for electric power generation, transmission, and distribution. GE Vernova was spun off from GE Aerospace (GE) on April 2nd. During the quarter, the company's stock benefitted from several analyst initiation reports that highlighted the need for more power generation capacity to drive enough power to support data center growth. Data centers are forecasted to grow exponentially over the next several years due to the adoption of artificial intelligence. With its market-leading position in gas turbines and exposure to renewable and nuclear power generation, GE Vernova is well-positioned to benefit from an investment cycle to build out power generation capacity.

Allison Transmission Holdings (ALSN - $96.07 – NYSE) is a market leader in automatic transmission solutions for a wide variety of commercial on-highway and off-highway vehicles. The company reported second quarter results that were well ahead of investor expectations and increased its sales and earnings forecasts for the year. Several specialty vehicle opportunities in Asia and South America are starting to gain traction. Management also reiterated on the call that it has the opportunity to raise prices on about 60% of its long-term contracts in its North American on-highway business this year. This should translate to multi-year growth as fleets convert to its automatic transmission offerings.

The three largest detractors in the quarter were:

Diamondback Energy (FANG - $172.40 – NASDAQ) is a leading oil & gas exploration and production company with acreage exclusively in the Permian Basin in west Texas. Concerns about oil demand in the US and in China, coupled with a looming threat of OPEC easing supply constraints led oil prices to fall 18% during the third quarter. This led to broad-based declines in Energy stocks. In fact, Energy was the only sector of the market to fall in the third quarter. Specific to Diamondback, the company closed on its acquisition of privately held Endeavor which effectively doubles the size of the company's acreage position which should enhance productivity and improve well economics. Diamondback is the low-cost producer in the most prolific basin in the US with enough scale now to possibly make it an eventual target for acquisition by one of the major oil companies; much like what happened to its neighbor Pioneer Natural Resources earlier this year.

NOV Inc. (NOV - $15.97 – NYSE) is a leading manufacturer of oilfield equipment primarily used in offshore exploration and production. The third quarter pullback in oil prices impacted its shares as well. On the other hand, NOV reported very strong order growth with its second quarter results and its backlog continues to grow as major oil companies move forward with offshore projects globally. The company lowered its forecast for the year due to issues related to a few older projects that will be delivered in the next two quarters. However, management expects its product mix to improve heading into 2025 as the margin on backlog being booked is greater than what is currently being delivered.

Bath & Body Works (BBWI - $31.92 – NYSE) operates a retail store chain that sells sanitizers, soaps, fragrances, and lotions, both in stores and online. Bath & Body Works shares struggled in the third quarter after the company lowered its full-year guidance. Two factors drove the lower expectations: a continued challenging macroeconomic environment and the fact that its recent semiannual sale just did not resonate with consumers. In addition, despite a growing loyalty program and a focus on margins and innovative new products, Bath & Body Works has reported no revenue growth over the past two-plus years, and consumers now are proving to be more value-seeking in nature. Management conceded on its earnings call that the company's growth is likely to be pushed out as long as its customer remains weak. While bright spots include traffic improvement in the most recent quarter and continued product innovations, investors remain concerned about the potential for heightened promotional behavior by the company in the next several quarters.

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.

September 30, 2024

Mid Cap Dividend Value Fund

*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, 2025 and neither the Fund's adviser nor the Fund can discontinue the

AVERAGE ANNUAL TOTAL RETURNS (as of 9/30/2024)

	KMDVX No Load	KMDVX Load	Russell Midcap Value
1 Year	29.83%	23.97%	29.01%
5 Year	9.99%	8.98%	10.33%
10 Year	9.06%	8.56%	8.93%
Since Inception*	12.08%	11.68%	12.39%
Expense Ratio (Gross)**		1.41%	
Waiver/Expense Reimbursement**		-0.21%	
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, 2024

Name	Weight (%)	Name	Weight (%)
NRG Energy, Inc.	2.61%	UGI Corporation	1.77%
Gen Digital Inc.	2.38%	MDU Resources Group, Inc.	1.75%
Allison Transmission Holdings, Inc.	2.14%	Equitable Holdings, Inc.	1.74%
Jabil Inc.	2.03%	Franco-Nevada Corporation	1.65%
Lamar Advertising Company	1.88%	SouthState Corporation	1.60%

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.

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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. 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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