KEELEY Funds
A Gabelli Group Company

Fourth Quarter 2024 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 12/31/2024. 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 December 31, 2024, the Keeley Mid Cap Dividend Value Fund's net asset value ("NAV") per Class A share fell 0.7% compared with a 1.8% decline in the Russell Midcap Value Index. The Fund finished the year ahead of its benchmark, rising 14.9% compared to the 13.1% gain in the index.

Commentary

Investors enjoyed another good year in 2024. The 25% gain in the S&P 500 marked the second consecutive year with 20%+ gains and the third out of the last four. It was again led by the very largest technology growth stocks as the S&P 500 Growth index rose 36% while the S&P 500 Value index only gained 12%. Further down the market cap spectrum, results lagged even more with the S&P 600 Small Cap index producing "only" an 8.7% total return and the Value component of it only 7.6%. International stocks were even worse with the total return for the MSCI EAFE index only 4.3%.

Market Performance

As of December 31, 2024	3 Months	1-Year	3-Year
S&P 500 Index	2.4%	25.0%	8.9%
Russell 3000 Value Index	-1.9%	14.0%	5.4%
Russell 3000 Index	2.6%	23.8%	8.0%
Russell 2500 Value Index	-0.3%	11.0%	3.8%
Russell Midcap Value Index	-1.7%	13.1%	3.9%
Russell 2000 Index	0.3%	11.5%	1.2%
Russell 2000 Value Index	-1.1%	8.1%	1.9%
Bloomberg Barclays Agg. Bond Index	-3.1%	1.3%	-2.4%

Source: eVestment.

Fourth quarter trends were similar to the full year. Stocks mostly rose and Large Cap and Growth outperformed. In fact, small caps were almost flat and Value and international stocks fell. Bonds fell as interest rates rose, particularly at the long end. The dollar rose. The fourth quarter's weakness in bonds and currencies resulted in a loss for the year.

The upcoming year looks promising. We see three factors having an outsized influence on the direction of the market this year.

- Inflation – During 2024, inflation (PCE, personal consumption expenditures) slowed to 2.4% from 2.7% a year ago and a June 2022 peak of 7.2%. While this is progress, inflation remains above the Fed's 2% target. Furthermore, the Fed now sees the PCE price index rising 2.5% in 2025 compared with expectations in September of 2.1%. With the declines in the rate of inflation flattening out and the economy remaining on solid footing, expectations for further rate cuts have fallen sharply among policy makers and the markets. At this point, markets expect only 25bps of Fed rate cuts in 2025 vs. 100bps as recently as September 2024.

- Economic Policy – The incoming Trump administration has an aggressive economic agenda with some proposals likely a positive and others a headwind to economic growth. We see efforts to reduce regulation and streamline government as a positive and one that likely favors smaller company stocks even more. Tariffs and deportation activities, on the other hand, look inflationary and may be received less well. Finally, the expiration of many provisions of the Tax Cut and Jobs Act (TCJA) of 2017 at the end of the year means that we will likely see some tax legislation enacted. We view this as a potential source of volatility, but most likely a neutral.

• Artificial Intelligence (AI) – AI was a big investing theme in 2024, and stocks exposed to that theme had a banner year. Nvidia, the company that supplies most of the chips used in artificial intelligence operations saw its stock rise nearly 200% in 2024 and is now the second most valuable company in the world! Will AI live up to the hype? Over the long-term, it probably will, just as the internet did. The path to get there is probably not linear, however, and any bumps in the road will impact some of the most valuable stocks in the market and therefore the market overall.

The Keeley Mid Cap Dividend Value Fund is well positioned. The companies in the Fund are more domestically focused, which should lower their exposure to the impact of tariffs and increase their exposure to M&A. At 2.1% the dividend yield on the portfolio exceeds that of the S&P 500 and nearly three-quarters of the companies raised their dividends over the last year. With an average forward P/E of only 14.1x, the valuations appear to offer plenty of upside and should protect capital in a downside scenario. We are optimistic about the year ahead.

Portfolio Results

The KEELEY Midcap Dividend Value Fund's fourth quarter decline of 0.7% was better than the 1.8% decline in its benchmark, the Russell MidCap Value index. On a full-year 2024 basis, the Fund was up 14.9%, a bit better than the benchmark's 13.1% gain.

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 Sector Allocation detracted from performance but strong Stock Selection more than offset these headwinds.

• We estimate that dividend-paying stocks in the Russell Midcap Value index lagged the overall index by about three-quarters of a percent in the fourth quarter.

• Sector Allocation (do the sectors the Fund is overweight/underweight outperform/underperform?) was a slight negative to relative performance. The Fund's two largest deviations from the benchmark are a three percentage point overweight in Materials and a three percentage point underweight in Financials, both of which detracted slightly. This was mostly offset by small over/underweights elsewhere.

• Stock Selection (do the stocks held by the Fund outperform the sectors in which they reside?) offset the headwinds from dividends and Allocation and accounted for the relative outperformance during the quarter. Industrials, Utilities, and Materials contributed the most to outperformance while Technology and Consumer Discretionary added a little. Stock Selection in Energy and Communications Services detracted slightly.

The details for those who want to dig deeper.

• **Industrials** – Industrials is the second largest sector within the Russell Midcap Value index and performed in line with the overall index in the fourth quarter. The Fund's holdings performed better than that and appreciated in the quarter. Much of the Fund's outperformance in the sector came from GE Vernova, which was the Fund's biggest contributor and is discussed in the Let's Talk Stocks section of this update. Strong gains also came from Allison Transmission after it reported good earnings results and from Everus Construction, a well-received spin-off of portfolio holding MDU Resources. Gains were partly offset by weakness in Fortune Brands due to the impact of rising long-term rates on building materials stocks.

• **Utilities** – Utilities is a mid-sized sector that performed slightly worse than the benchmark during the quarter. The Fund's holdings appreciated in the quarter. Most of the gains came in two stocks, largely for company-specific reasons. MDU Resources appreciated as it ran up to the spin-off of its construction services business, Everus Construction. It also did well afterwards as it is positioned to grow EPS and its dividend at an above-average pace. Shares of UGI also performed well as it seems to be making progress on its improvement plan. Utility results in the third quarter were solid and the company's new CEO has stressed the importance of improving results at its AmeriGas propane distribution business.

• **Materials** – Materials is a mid-sized sector within the benchmarks and was the worst-performing of the eleven sectors in the fourth quarter. Results for the Fund's holdings were less negative than for the sector as a whole. The outperformance was mainly due to a nice move in the shares of Knife River Corporation after it reported solid earnings. Two more of the Fund's nine holdings in the sector appreciated. These gains partly offset weakness in Olin Corporation which lowered earnings expectations again. Ardagh Metal Packaging, Ashland, and Cabot Corporation were also weak in the quarter.

•**Energy** – Energy is another mid-sized sector within the Russell Midcap Value index and was the best performing of the eleven during the quarter. The Fund's holdings, while up, did not keep pace with the sector. A sharp rise in the price of natural gas drove shares of Expand Energy (formerly Chesapeake Energy) while strong new orders boosted the fortunes of TechnipFMC.

• **Communications Services** – Communications Services is a small sector within the Russell Midcap Value index that outperformed in the quarter. The Fund's holdings declined. In a small sector, the performance of one stock often drives that for the Fund's sector performance. This quarter, that stock was Omnicom. Its shares fell sharply in December after the company announced a stock for stock acquisition of competitor Interpublic Group.

During the quarter, the Fund started two new positions and acquired a third new holding when Everus Construction was spun out of MDU Resources. The Fund completed the exit of one holding.

Let's Talk Stocks

The top three contributors in the quarter were:

GE Vernova (GEV - $328.93 – NYSE) is a leading manufacturer of natural gas and wind turbines as well as related equipment and components for power generation applications globally. It was spun off from GE Aerospace (GE) in April 2024. The company reported strong third quarter results in which healthy orders from its natural gas turbine and grid solutions businesses offset operating challenges in its wind energy business. GE Vernova followed up its earnings results with an analyst day in December when it increased its five-year outlook in all three of its segments. The company expects to continue to benefit from surging power generation demand due to increased data center demand to support artificial intelligence (AI).

Jabil Inc. (JBL - $143.90 – NYSE) is a leading contract manufacturer with a broad array of capabilities in both electronics and non-electronics. After lowering earnings expectations early in 2024, Jabil has seen more consistent trends and better predictability in the second half. During the fourth quarter, it reported better than expected fiscal first quarter earnings and raised its full year (August 2025) outlook. Solid results in its consumer-facing businesses and strong growth in its datacenter-oriented businesses are offsetting weakness in its automotive, renewables, and semi cap businesses. Cash flow is strong, and Jabil has been active in its share repurchase activity.

Victoria's Secret & Co. (VSCO - $41.42 – NYSE) is an intimate apparel firm that has struggled with a turnaround in recent years as its brands lost relevance with consumers, particularly younger ones. However, during the fourth quarter, the company reported solid earnings in what is a relatively light quarter seasonally, stating that it is seeing meaningful brand momentum. In particular, Victoria's Secret began seeing stronger sales from both its flagship brand and its PINK brand due to product newness and innovation. The company's recently hired CEO contends that Gen Z consumers are starting to be drawn to Victoria's Secret through high-profile events like its fashion show. This brand momentum seemed to carry through to the early part of the holiday shopping season.

The three largest detractors in the quarter were:

KB Home (KBH - $65.72 – NYSE), a leading national homebuilder, reported a solid quarter that surpassed consensus estimates. Improved construction timelines leading to increased deliveries and slightly higher average selling prices (ASPs) drove the results. However, KBH's profit margins have declined in recent quarters due to increased competition and affordability concerns. This has led to higher use of incentives to attract buyers, impacting gross margins. This trend is expected to continue into 2025 with forecasted gross margins falling short of prior consensus expectations. Management also indicated that they may adjust prices in certain markets experiencing increased resale inventory. While these pricing concessions are currently limited to specific areas, there is a risk of them becoming more widespread. Despite these near-term challenges, KB Home remains well-positioned to benefit from pent-up demand, which is currently restrained by elevated mortgage rates.

Hasbro, Inc. (HAS - $55.91 – NYSE) is a leading international toy and entertainment company with iconic brands like Nerf, Play-Doh, and Monopoly, as well as a portfolio of licensed brands. The company continues to rebalance its Consumer Products (primarily toys) portfolio through closeout activities. This strategy, combined with weakness in action figures and Nerf, has significantly impacted revenues. Furthermore, top-line weakness should continue in the near term as management lowered its full-year revenue guidance for this segment. While the company's $750 million cost reduction program has helped profitability, it has been overshadowed by the revenue decline. Management reaffirmed full-year EBITDA guidance, but this implies significant deleverage next quarter and an EBITDA target that was well below consensus expectations. Finally, Hasbro potentially faces cost headwinds in 2025 arising from the impact of tariffs on the company and the toy industry.

Universal Health Services (UHS - $179.42 – NYSE) is one of the nation's largest hospital companies. It owns and operates acute care and behavioral health hospitals and ambulatory centers in the U.S. UHS shares hit an all-time high toward the end of the third quarter, as the company benefitted in the first half from terrific volumes and improving profitability as compensation cost increases moderate. In the fourth quarter, however, UHS reported in-line third quarter earnings and maintained guidance. The shares traded down as elevated investor expectations were not exceeded. In particular, the company saw slower growth relative to very strong year-ago comps due to the post-COVID resumption of volumes in the second half of 2023. Also, investor concern has grown about the potential negative impact on UHS from recent large jury awards in cases involving its behavioral health operations.

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.

December 31, 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 12/31/2024)

	KMDVX No Load	KMDVX Load	Russell Midcap Value
1 Year	14.86%	9.70%	13.07%
5 Year	8.35%	7.35%	8.60%
10 Year	8.38%	7.88%	8.10%
Since Inception*	11.78%	11.39%	12.00%
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)
December 31, 2024

Name	Weight (%)	Name	Weight (%)
Jabil Inc.	2.44%	Equitable Holdings, Inc.	1.96%
Gen Digital Inc.	2.37%	Chemed Corporation	1.73%
UGI Corporation	2.04%	Lamar Advertising Company	1.71%
Allison Transmission Holdings, Inc.	1.97%	SouthState Corporation	1.64%
NRG Energy, Inc.	1.96%	STAG Industrial, Inc.	1.63%

Performance attribution is commonly used to measure the quality of the separate decisions that go into the management of an investment portfolio compared to a benchmark index. This analysis tries to isolate the effect and measure the return contribution of market allocation, which analyzes the positive/negative impact of a portfolio's allocation to groupings such as geographic regions or market sectors, and stock selection, which analyzes the positive/negative impact of the portfolio manager's security ownership and weighting decisions within a wider grouping. The performance attribution data in this quarterly commentary was prepared by Keeley-Teton Advisors, LLC ("Keeley Teton") using the following constraints: (1) Fund portfolio holdings are as of the beginning of each day; index constituents are as of the end of the day. That means that the Fund's holdings are not included until the day after acquisition (when it is included in the portfolio as of the beginning of the next business day), and a portfolio holding that is sold is included in the analysis through the end of the day on which it is sold, and that the values at which securities are included in the analysis are the values as of the beginning of the day. For the index, securities are included at their values at the end of the day. (2) The securities' values used in the analysis are the prices used by Keeley Teton in its internal records for the Fund and the prices used by the index provider for the benchmark index. If a price from either of those sources is unavailable, pricing information from FactSet is used. Pricing information from the index provider or from FactSet may differ from the pricing information used by Keeley Teton. (3) Sector and/or industry classifications may change over time. The attribution information provided in this commentary includes summaries of attribution by market sector. Attribution is not precise and should be considered to be an approximation of the relative contribution of each of the sectors considered. The information on performance by sector reflects the aggregated gross return of the Fund's securities. Contributions to the Fund's performance by sector (computed as described above) were compared against the contributions to the aggregate return of the stocks comprising the index, by sector, as reported by FactSet Databases. Holdings returns for this commentary are calculated as total returns, which reflect any dividends or income earned during the period.

Mid Cap Dividend Value Fund

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Keeley Teton. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Data provided for performance attribution are estimates based on unaudited portfolio results. Performance contributors and detractors were not realized gains or losses for the Fund during the quarter. Market performance presented solely for informational purposes. The S&P 500 Index is designed to act as a barometer for the overall U.S. stock market. The index is unmanaged, consisting of 500 stocks that are chosen on the basis of market size, liquidity, and industry grouping. The S&P 500 is a market value weighted index with each stock's weight in the index proportionate to its market value. The Russell 2000® Value Index is an unmanaged index that measures the performance of the small-cap value segment of the U.S. equity universe and includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Index is an unmanaged index that measures the performance of the smallest 2,000 companies by market capitalization of the Russell 3000® Index. The Russell 2500® Value Index is an unmanaged index that measures the performance of the small to mid-cap value segment of the U.S. equity universe and includes those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2500® Index is an unmanaged index that measures the performance of the 2,500 smallest companies by market capitalization of the Russell 3000® Index. The Russell Midcap® Value Index is an unmanaged index that measures the performance of the mid-cap value segment of the U.S. equity universe and includes those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap® Index is an unmanaged index that measures the performance of the 800 smallest companies by market capitalization of the Russell 1000® Index. The Russell 1000® Index is an unmanaged index that measures the performance of the 1,000 largest companies by market capitalization of the Russell 3000® Index. The Russell 3000® Value Index is an unmanaged index that measures the performance of the broad value segment of the U.S. equity universe and includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 3000® Index is an unmanaged index that measures the performance of the 3,000 largest U.S. companies by market capitalization.The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. The S&P SmallCap 600® measures the small-cap segment of the U.S. equity market and is unmanaged. The index is designed to track companies that meet specific inclusion criteria to confirm that they are liquid and financially viable. The S&P MidCap 400® provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, measures the performance of mid-sized companies reflecting the distinctive risk and return characteristics of this market segment. These Index figures do not reflect any deduction for fees, expenses or taxes, and are not available for direct investment. Securities in the Fund may not match those in the indexes and performance of the Fund will differ. The KEELEY Small-Mid Cap Value Fund, KEELEY Small Cap Dividend Value Fund and KEELEY Mid Cap Dividend Value Fund are distributed by G.distributors, LLC.

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