



KEELEY  
*funds*

The Disciplined  
Discovery of Value<sup>®</sup>



## Did you know that some small and mid-cap stocks also pay dividends?

While small- and mid-cap stocks have outperformed larger-cap stocks over the long term, investors recognize the higher risk associated with these smaller company stocks. **But what if there was a way to moderate this risk?** The answer: dividend-paying small- and mid-cap stocks may reduce the volatility associated with these market caps while still offering attractive returns.

### Dividend Investing at KEELEY Funds

#### Investment Philosophy

Investors have historically sought out dividend-paying equities to complement lower-yielding fixed-income holdings. While not common, it seems reasonable that they should look at dividend-paying stocks across the entire market cap spectrum. Indeed, many of the benefits of a focus on dividend-paying equities that investors have flocked to with large cap stocks are also available in a portfolio of smaller cap dividend-paying stocks.

First, the dividend itself provides income and today that income can be competitive with bond yields and will grow if the company raises its dividend. Second, dividend-paying stocks have historically provided better downside protection during periods of stock market stress. Finally, for a company to pay a dividend it has to have three characteristics that we find attractive: sustainable free cash flows, a healthy balance sheet, and a management team and board that understand who owns the company. These attributes are a good starting place for any equity investment and they are more or less built into dividend payers.

Fundamental, bottom-up research allows us to identify stocks with these qualities. By using an active management approach, we strive to dynamically construct portfolios that generate attractive returns while reducing the risks typically associated with investing in smaller companies.

There are no guarantees that any investment strategy will be successful or will meet its objectives. The companies held by the Funds may reduce or stop paying dividends, which may affect the Funds' abilities to generate income. The Adviser's approach in selecting dividend-paying securities may go out of favor with investors. This may cause the Funds to underperform relative to other mutual funds that do not emphasize dividend paying stocks.



# KEELEY funds

## Evaluating Quality

### Four Categories of Dividend Paying Companies

We believe that diversification is a critical component to the universe of small and mid-cap stocks and we focus our research across a broad array of dividend-paying stocks (i.e., not just high yield or high growth).

In evaluating the overall quality of a company, we view the investment universe through the four distinct areas shown below. Depending on company-specific valuations, as well as the current macro-economic environment, our team will independently categorize small and mid-cap stocks into each of these groups:



From these four categories, fundamental research helps our team assess the sustainability of a company's dividend by analyzing:

- **Cash flow:** the most important element as it is the ongoing cash flow that supports the payment of dividends.
- **Balance sheet:** due to the potential vagaries of cash flows, the balance sheet may need to support the dividend payment.
- **Dividend history:** management's past decisions and current thinking regarding its payout ratio are important considerations.

## Investment Process

We offer two mutual funds focused on dividend-paying equities – the **KEELEY Small Cap Dividend Value Fund** and the **KEELEY Mid Cap Dividend Value Fund**. The Small Cap Dividend Value Fund defines its investment universe as companies with a market capitalization within the range of the Russell 2000® Value Index at the time of investment. The Mid Cap Dividend Value Fund focuses on companies with a market capitalization within the range of the Russell Midcap® Value Index at the time of Investment.

KEELEY Fund	Market Cap Universe	# of Companies in Universe	# of Dividend Payers in Universe
Small Cap Dividend Value	\$200 million - \$4.0 billion	2,214	855
Mid Cap Dividend Value	\$2 billion - \$20 billion	1,162	660

Source: Factset as of September 30, 2023.

We use these universes as a starting point to identify potential investment candidates. We narrow this universe further by looking for companies with characteristics that we find attractive such as superior returns on investment, healthy balance sheets, and discounted valuations. We also look at companies where there has been a material positive change in dividend policy. We seek to frame our analysis by asking a number of key questions:

- What are the characteristics of this company that distinguish it from similar companies? We perform a thorough analysis to assess the strength of the franchise and its management team. We evaluate industry structure and growth, as well as the company's competitive positioning and advantages or weaknesses.
- What will happen over the next 12-24 months that will either increase the intrinsic value of the company or investors' perception thereof? We look at how the company and the industry it operates in are changing and consider how these developments might impact the company and its earnings potential and realization.
- Based on this assessment, what do we think the company will earn over time and what will investors pay for that? We use the previous inputs to arrive at our forecast of the range of likely earnings in a few years under "normal" circumstances. We then look at what investors have historically paid for the company and companies similar to it. Our calculation of intrinsic value flows from this view of normal earnings and average valuation.
- What could go wrong and how would that impact on our forecast of value if it does? We work to understand the risks inherent in each company and the industries they operate as well as how these risks might relate to other portfolio holdings.

This comprehensive analysis shapes our investment thesis and helps us to understand why other investors may be avoiding a particular stock. It is often this lack of interest that piques our own.

## Sell Discipline

While we mostly invest in companies that we believe we can hold for long periods of time, we do not just buy stocks and hold them forever. Indeed, we monitor positions and review stocks for sale continuously. The factors that could lead us to sell a stock include.

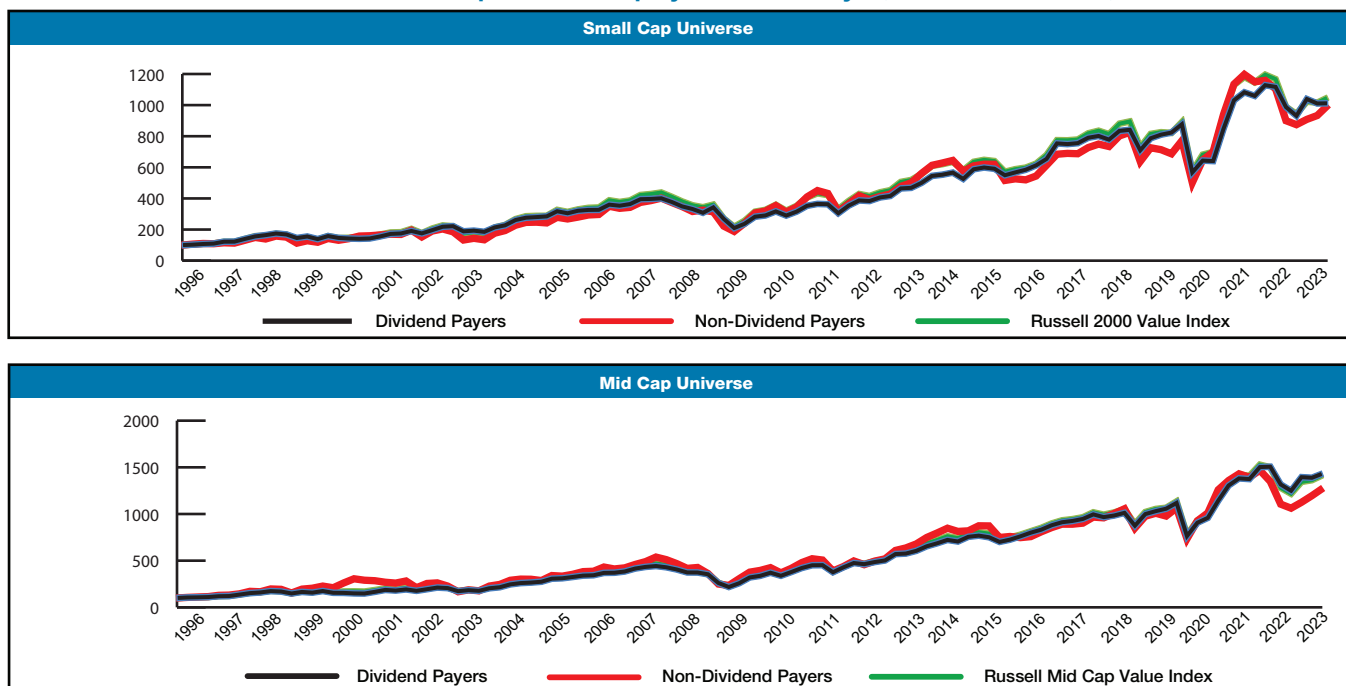
- Changes in company or industry fundamentals adversely impact our investment thesis and result in milestones not being achieved or make that occurrence more likely than not in our judgement.
- On a more positive note, we conclude that the stock has reached or surpassed our estimate of full value.
- A dividend is reduced, omitted, or in jeopardy.
- A better risk/reward opportunity emerges.
- We also review stocks where the price or fundamental performance has lagged the sector or peer group.

## Risk Management

We manage portfolio risk through a multi-pronged approach. First, we believe that our focus on dividend-paying stocks lowers volatility and provides better downside protection during most turbulent markets. Second, our disciplined fundamental process gives us great insight into the potential risks associated with each individual investment.

These measures, however, do not adequately account for some of the differences between the dividend-paying universe and the overall market. Specifically, the economic sector breakdown of the dividend-paying universe differs somewhat from that of the Russell 2000 Value and Russell MidCap Value indices. To manage this risk, we generally limit sector weights to within 5% (+/-) of the applicable benchmark weight. At the individual position level, sizes are limited to a maximum weight of 5%. In general, investors can expect between 60-90 holdings in the Funds.

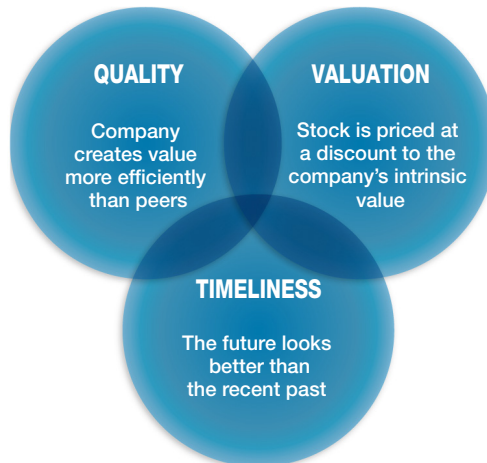
## Performance of small and mid-cap dividend payers: January 1, 1996 - June 30, 2023



Source: Factset: December 31, 1995 - June 30, 2023. \$100 investment begins December 31, 1995.

Small Cap Universe "Dividend Payers" are defined for the purpose of this chart as companies within the Russell 2000® Index which pay an annual dividend. Mid Cap Universe "Dividend Payers" are defined for the purpose of this chart as companies within the Russell Midcap® Index which pay an annual dividend. "Non-Dividend Payers" are the remaining equities within each respective index, not included in the definition of a "Dividend Payers".

## KEELEY Dividend Value Funds



### KEELEY Small Cap Dividend Value Fund

Inception: December 1, 2009  
Investor Class (A) Shares: **KSDVX**  
Institutional Class (I) Shares: **KSDIX**

### KEELEY Mid Cap Dividend Value Fund

Inception: October 1, 2011  
Investor Class (A) Shares: **KMDVX**  
Institutional Class (I) Shares: **KMDIX**

### Risks of Investing

The Funds are subject to the typical risks of equity investing, including loss of money, company-specific risks, the effects of interest rate fluctuations, investor psychology and other factors. The value of your investment will increase or decrease so your shares may be worth more or less money than your original investment.

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.

***Before investing, investors should carefully read the Fund's prospectus, which more fully describes the Fund's investment objective, risks and charges and expenses. Copies of the Funds' Prospectus and Summary Prospectus can be obtained from the KEELEY Funds' website at [www.KeeleyFunds.com](http://www.KeeleyFunds.com). The prospectus should be read carefully before investing.***



### Portfolio Managers

#### Thomas E. Browne, Jr., CFA

Lead Portfolio Manager

Mr. Browne joined Keeley Teton upon its operational inception on March 1, 2017 and has 37 years of investment experience. Prior to that date, Mr. Browne served as a Portfolio Manager (2009-2017) of the Small Cap Dividend Value and Mid-Cap Dividend Value strategies on behalf of Keeley Asset Management Corp. ("KAMCO"). Before joining KAMCO, he was a Portfolio Manager in charge of Oppenheimer Capital's small-cap core and small-cap value strategies. Prior to that, Mr. Browne managed a mid-cap portfolio for SEB Asset Management and was an analyst at small-cap investment firm Palisade Capital Management. Earlier in his career, Mr. Browne was a sell-side technology services analyst for Prudential Securities and was twice recognized in the Wall Street Journal's Best on the Street survey. Mr. Browne earned his M.B.A. from New York University Stern School of Business and his B.B.A. from the University of Notre Dame. In addition, Mr. Browne holds the Chartered Financial Analyst designation from the CFA Institute.

#### Brian P. Leonard, CFA

Portfolio Manager

Mr. Leonard joined Keeley Teton upon its operational inception on March 1, 2017 and has 24 years of investment experience. Prior to joining Keeley Teton, Mr. Leonard served as a Portfolio Manager (2009-2017) and Research Analyst and Client Service Associate (2004-2009) with KAMCO. While employed by KAMCO, Mr. Leonard managed client portfolios for KAMCO's historical clients in a manner consistent with the strategies he currently manages for Keeley Teton. Before joining KAMCO, Mr. Leonard was an Associate with CRA RogersCasey from 1998 to 2004. Brian earned his M.S. in finance from St. Xavier University's Graham School of Management and his B.S. from DePaul University. In addition, Mr. Leonard holds the Chartered Financial Analyst designation from the CFA Institute.



## Performance as of September 30, 2023

### Keeley Small Cap Dividend Value Fund

Keeley Small Cap Dividend Value Fund	
Gross Expense Ratio (A Shares):	1.48%
Waiver/Expense Reimbursement:	-0.19%
Net Expense Ratio (A Shares):	1.29%

Gross Expense Ratio (I Shares):	1.23%
Waiver/Expense Reimbursement:	-0.19%
Net Expense Ratio (I Shares):	1.04%

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 expenses, 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.

	3 months	YTD	1 Year	3 Years	5 Years	10 Years	S.I. (12/1/09)
KSDVX Class A - without load	-2.96%	-2.86%	10.67%	14.72%	3.32%	5.79%	9.16%
KSDVX Class A - with load	-7.32%	-7.24%	5.70%	12.96%	2.37%	5.30%	8.80%
KSDIX Class I	-2.83%	-2.67%	11.03%	15.00%	3.59%	6.06%	9.44%
Russell 2000 Value	-2.96%	-0.53%	7.84%	13.32%	2.59%	6.19%	9.14%

### Keeley Mid Cap Dividend Value Fund

	3 months	YTD	1 Year	3 Years	5 Years	10 Years	S.I. (10/3/11)
KMDVX Class A - without load	-4.14%	0.17%	12.98%	12.69%	4.08%	7.78%	10.71%
KMDVX Class A - with load	-8.44%	-4.34%	7.87%	10.98%	3.13%	7.28%	10.29%
KMDIX Class I	-4.05%	0.36%	13.29%	12.99%	4.35%	8.05%	10.99%
Russell Midcap Value	-4.46%	0.54%	11.05%	10.98%	5.18%	7.92%	11.11%

*"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. To obtain the most recent month end performance information and a prospectus, please call us at 800.533.5344 or visit [www.keeleyfunds.com](http://www.keeleyfunds.com).*

Keeley Mid Cap Dividend Value Fund	
Gross Expense Ratio (A Shares):	1.40%
Waiver/Expense Reimbursement:	-0.20%
Net Expense Ratio (A Shares):	1.20%

Gross Expense Ratio (I Shares):	1.15%
Waiver/Expense Reimbursement:	-0.20%
Net Expense Ratio (I Shares):	0.95%

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 expenses, 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.

### Index Definitions

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 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.

### Investment Adviser

The investment adviser for the Funds is Keeley Teton Advisors, LLC. ("The Adviser"), 141 West Jackson Blvd, Suite 2150, Chicago, Illinois 60604. The Adviser supervises, administers and continuously reviews the Funds' investment programs, following policies set by the Funds' Board of Directors and detailed in each Funds' Prospectus and Statement of Additional Information.

Source: BNY Mellon Corp. and Russell Investments.

The Funds are distributed by G.distributors, LLC, a registered broker-dealer and member of FINRA.

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