



KEELEY
Funds

The Disciplined
Discovery of Value®

Annual Report

September 30, 2018

KEELEY Small Cap Value Fund

Class (A) Shares: KSCVX

Class (I) Shares: KSCIX

KEELEY Small Cap Dividend Value Fund

Class (A) Shares: KSDVX

Class (I) Shares: KSDIX

KEELEY Small-Mid Cap Value Fund

Class (A) Shares: KSMVX

Class (I) Shares: KSMIX

KEELEY Mid Cap Dividend Value Fund

Class (A) Shares: KMDVX

Class (I) Shares: KMDIX

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MANAGER COMMENTARY

KEELEY Small Cap Value Fund (KSCVX - KSCIX)

To Our Shareholders,

For the quarter ended September 30, 2018, the KEELEY Small Cap Value Fund's net asset value ("NAV") per Class A share declined 0.15% versus a gain of 1.60% for the Russell 2000 Value Index. Over the fiscal year ended September 30, 2018, the Fund has appreciated 5.32% versus 9.33% for the Russell 2000 Value Index (the "Index").

Commentary

As we move towards the end of the calendar year, the economy continues to signal domestic strength. Chief among these positive statistics is the unemployment rate, which has declined to 3.7%, the lowest level since the Vietnam War. Yet, despite tight employment conditions where many companies cite talent acquisition as a strategic concern, hourly earnings growth and inflation remain at modest levels, which we believe supports the case that the economy is not overheating. Corporate tax reform has boosted earnings growth, and we believe this has contributed to an increase in overall business investment. Likewise, the ISM Non-Manufacturing Index, which also encompasses orders and business activity, marked the highest expansionary reading since mid-2005.

Stock indices, however, ended the quarter on the retreat after marking all-time highs earlier this summer. The impact was far more pronounced for small capitalization stocks. Reflecting back to the start of the year, the Trump Administration's opening of a two-front trade war – in China and North America – prompted investors to reallocate towards domestically-focused small caps, which are perceived to be more insulated from such matters. We were supportive of the insulation thesis and felt it provided a reason to remain bullish. Yet in the final days of the quarter, the Trump Administration rather quickly resolved the war on one front as NAFTA was restyled the US-Mexico-Canada Agreement (USMCA). Largely perceived by investors and companies as having "dodged a bullet," the new agreement should allow for minimal disruption to existing supply chains and provide reasonable protections, rather than the punitive repudiations implied by earlier rhetoric. With this achievement, and its contemplation as a template for China, small caps lost their perceived competitive advantage over their larger, global brethren. We do remain concerned about the prickly sparring with China, predominantly over trade issues, recognizing both the exposure of technology supply chains and the threat to US consumers through higher price levels. We continue to proactively anticipate potential exposure among our holdings.

A few companies have already preannounced lower than expected results for the third quarter citing slower sales into China, tougher restrictions at Chinese customs, and higher raw material costs. With the US economy continuing to perform well and the Fed maintaining its rate hike path, investors have begun to question, "Can it get any better?" as sales growth slows, and margins become squeezed by higher input costs (tariff impact on materials, oil as well as labor). The mid-term elections added to this uncertainty, thus extending the environment where valuation metrics have

been less relevant, with growth/momentum factors outperforming value. On this point, the performance between the lowest and highest P/E stocks is the widest it has been since 1999.

For this annual period, the Fund had difficulty keeping pace with the Index given the market's intense focus on the macro issues of trade and interest rates. The uncertainty of the impacts from tariffs, soon rising to 25% on more goods, and higher interest rates has also led to a reduction in merger and acquisition activity, which has historically benefitted the Fund. Instead, management teams have chosen to use the benefits from tax reform to invest in their businesses and buy back company stock. For the twelve-month period, the Fund had three companies acquired, Kapstone Paper, Mitel and State Bank Financial.

From a relative performance perspective, Kapstone Paper led strong stock selection in the Materials sector, as did the recognition of the turnaround strategy at Allegheny Technologies. In Real Estate, outperformance was driven by strong earnings results at Ryman Hospitality and renewed confidence in Kennedy-Wilson post its acquisition of its European operations. Our Energy selection also contributed positively with Oasis Petroleum and Delek US Holdings, both up 62%, beneficiaries of Permian capacity takeaway issues. The Fund's overweight position in the Consumer Discretionary and Industrial sectors, the third and fourth best performing sectors in the index, also led positive sector allocation.

Unfortunately, the macro uncertainties of trade, tight labor markets and rising interest rates impacted stock selection within the Consumer Discretionary, Financials and Healthcare sectors. Trade issues have slowed auto sales in China leading to weakness in Visteon and Modine while Varex has experienced delays in orders from Chinese medical imaging customers for its CT scanner engines. Concerns over tighter labor led to margin pressure at restaurants and hurt Del Taco. And fears of higher rates increasing funding costs, has punished the bank stocks. Lastly, within Technology, missteps in the integration of an acquisition by Diebold and Extreme Networks led to underperformance.

Conclusion

As we look to the end of 2018 and beyond, we do not think that the recent weakness is the start of a larger decline. That is not to say that a correction may not occur. We simply don't perceive the conditions that would lead to a 40-50% drop like we saw in the 2000-2003 and 2008-2009 time periods. Our outlook remains balanced. On the positive side the economy appears to be on solid footing, and this should benefit corporate earnings. On the political side, while there is a lot of noise, the Trump Administration appears to be making some progress on trade and security. On the negative side, some of that progress seems to come in "a one step back and two steps forward" manner. Other concerns include the remarkably easy credit market conditions, the likely impact of higher rates on US government budget deficits, and what we see as slightly elevated valuations for stocks. As we get past the mid-term elections and have more clarity on trade, we believe the market will refocus back to value-based fundamental investing.

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

Sincerely,



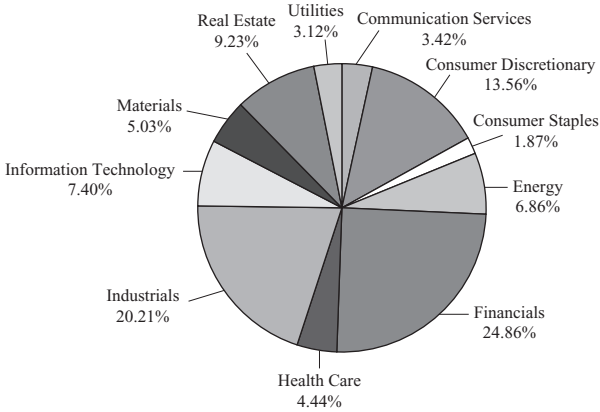
Kevin M. Chin
Chief Investment Officer, Portfolio Manager



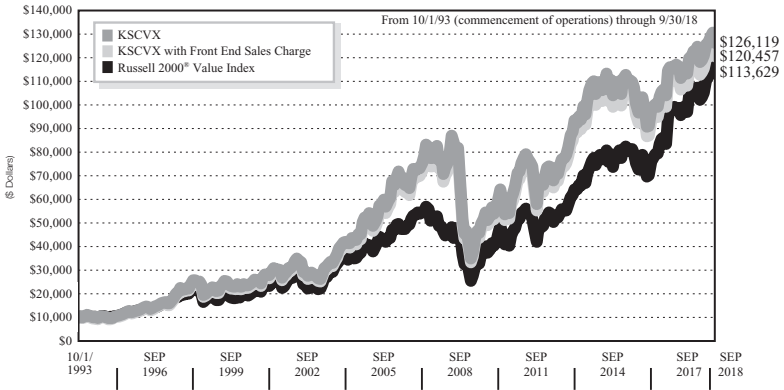
Brian R. Keeley
Portfolio Manager

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**Investments by Sector
As a Percentage of Investments
As of 9/30/2018
(Unaudited) ***



**Index Comparison
Comparison of a Hypothetical \$10,000 Investment
Keeley Small Cap Value Fund - Class A and Russell 2000® Value Index **
(Unaudited)**



Average annual total returns *
For the periods ended September 30, 2018**

	<u>1-Year</u>	<u>5-Years</u>	<u>10-Years</u>	<u>Since Commencement of Operations ⁽¹⁾</u>
Keeley Small Cap Value Fund				
Class A	5.32%	4.39%	6.28%	10.67%
Class A (includes max 4 1/2% front-end load)	0.60%	3.44%	5.79%	10.47%
Class I	5.56%	4.66%	6.55%	4.89%
Russell 2000® Value Index	9.33%	9.91%	9.52%	10.21% ⁽²⁾

- (1) Inception date is October 1, 1993 for Class A Shares and December 31, 2007 for Class I Shares.
- (2) The Since Commencement of Operations returns shown are from the commencement date of Keeley Small Cap Value Fund - Class A. The return for the Russell 2000® Value Index since the commencement date of the Keeley Small Cap Value Fund - Class I is 8.27%.
- * Excludes short-term investments.
- ** The Russell 2000® Value Index measures the performance of those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. These figures do not reflect any deduction for fees, expenses or taxes, and are not available for investment.
- *** Performance data quoted represents past performance, which is not predictive of future performance. The investment return and principal value of shares will fluctuate and when redeemed, may be worth more or less than their original cost. Returns shown include the reinvestment of all dividends. The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of shares. Returns shown reflect the effect of the Adviser's fee waiver agreement for the Fund. If such fee waivers had not occurred, the quoted performance would be lower.

MANAGER COMMENTARY

KEELEY Small Cap Dividend Value Fund (KSDVX - KSDIX)

To Our Shareholders,

The fiscal year ended September 30, 2018 was an interesting one in the markets. While the end result was a nice gain, there was more choppiness than in the recent past. This has been interesting to witness, as the underlying economic fundamentals were stronger and more consistent. We believe that the rise in volatility is attributable to the advanced stage of the economic cycle and increased political uncertainty.

According to the National Bureau of Economic Research (NBER), the Great Recession ended in June 2009. That means that we are now experiencing the second longest expansion on record (the longest being March 1991 to March 2001). While expansions do not die of old age, the slack in the system that allows them eventually runs out, and we perceive there to be signs of that with unemployment falling below 4% and interest rates edging upward.

The other side of the coin is that business conditions remain good. Companies are profitable and generating significant amounts of free cash flow, which they can in turn use to invest in their businesses or return capital to shareholders. In addition, consumers appear more willing to spend as low employment has led to greater confidence in job security. Additionally, the Tax Cuts and Jobs Act likely added time to this expansion. Its passage in December fueled solid fourth quarter 2017 gains in the market and drove a strong start to 2018.

Late in January, however, investors began to focus on another part of the President's economic agenda: the imposition of tariffs and trade restrictions on foreign goods, particularly those from China. The increasing rhetoric around this time led to a sharp, but brief, sell-off in stocks. We believe that because the Administration has not aggressively followed the talk with actions, the market bounced back and set new highs in September. More recently, additional concerns have resurfaced. While the U.S. made progress in resolving many trade issues with the EU and crafted a replacement for NAFTA with Canada and Mexico, it remains at loggerheads with China. Since the end of the September 2018 quarter, the market seems to have fallen on these renewed trade concerns and their potential impact on economic growth.

Throughout this time, a few trends have been reasonably consistent. First, rates continued to rise, particularly at the short end. From September 2017 to September 2018, the yield on the ten-year treasury rose from 2.32% to 3.19%, and the yield on the three-month T-bill increased from 1.07% to 2.22%. The market currently expects the Fed to continue interest rate increases with a hike in December 2018 followed by two more in 2019.

A second trend that continued is the outperformance of growth vs. value. The Russell 2000 Growth Index outperformed the Russell 2000 Value Index in seven of the last nine years and six of the last eight quarters. The superior performance of growth relative to value also extends beyond small caps to the mid- and large-cap spaces as well.

With rates rising and smaller company stocks lagging, one might ask how we would make the case to invest in dividend-paying small-cap and mid-cap stocks?

First, it is important to keep in mind that the performance of dividend-paying stocks is partly intertwined with that of value stocks in the small- and mid-cap universe. Roughly 65% of the stocks in the Russell 2000 Value Index pay dividends, whereas only 36% of the stocks in the Russell 2000 Growth Index do. In the mid-cap index, the percentages are 81% for value and 52% for growth.

After sustained outperformance by the growth indices, value has become increasingly inexpensive relative to growth. At the end of September 2018, the Russell 2000 Value Index traded at 15.4x forward estimated earnings vs. 36.5x for the Russell 2000 Growth Index. The resulting ratio of 0.42 between these indexes compares with an average of 0.62 since 1999, and the current ratio of 0.42 is in the lowest quintile of its history since that date. Furthermore, the Russell 2000 Value Index is below its long-term average forward estimated earnings multiple of 16.6x. For mid-cap stocks, the Russell Midcap Value Index trades at 14.5x vs. 22.1x for the Russell Midcap Growth Index. The resulting ratio of 0.65 between these indexes is also below the 0.78 average since 1999. When compared to historical levels since 1999, the data supports our contention that value is relatively inexpensive.

Second, dividend-paying stocks have outperformed non-dividend paying stocks over time despite similar periods of underperformance. This is particularly true on a risk-adjusted basis. Since 1995, dividend-paying small caps have produced a compound annual return of 10.3% compared with 9.1% for the Russell 2000 Index and 7.7% for non-dividend payers in that index. Mid-cap dividend stocks produced an 11.1% return compared with 10.7% for the Russell Midcap Index and 9.6% for the non-dividend paying stocks in that index.

This outperformance came despite previous periods of relatively weak performance for dividend payers. For example, in the ten years ended December 31, 2017, dividend payers outperformed the Russell 2000 Index by 0.5% per year (on a compounded basis) despite underperforming by almost fourteen percentage points in 2009, five points in 2013, and almost six points in 2017! Dividend payers also exhibited lower volatility over this period.

Finally, dividend-payers have recently lagged and have historically rebounded after such periods of underperformance. During the twelve months ended September 30, 2018, we estimate that the dividend-paying stocks within the Russell 2000 Index gained 8.6%. That compares with 21.8% for the non-dividend payers in that index, 15.2% for the Russell 2000 Index as a whole, and 9.3% for the Russell 2000 Value Index as a whole. This gap in performance is unusually wide. In fact, in only thirteen of the eighty-eight rolling four-quarter periods since 1995 (the first is the March quarter of 1999 through the December quarter of 1996) has the gap between the dividend payers and the Russell 2000 Index been this wide (6.7%). In the four quarters following these periods, dividend paying stocks outperformed by an average of 8.3%. We have seen similar recent performance trends for mid caps and similar historical bounce-backs.

Our experience as investors draws us toward opportunities which have solid long-term records and sound underlying fundamentals, but where the recent stock price

performance has lagged. It appears to us that dividend-paying small- and mid-cap stocks currently meet these parameters. We thus believe that the names in which the Fund invests are positioned to outperform going forward when using recent historical market data as a guide.

For the fiscal year ended September 30, 2018, the KEELEY Small Cap Dividend Value Fund's net asset value ("NAV") per Class A share gained 5.44% versus a gain of 9.33% for the Russell 2000 Value Index.

As we described earlier, the underperformance of dividend-paying small caps relative to stocks that do not pay dividends was a headwind. Unfortunately, this does not explain the entire gap between the performance of the Fund and the benchmark index. We point to two factors, which have some overlap, that accounted for the disappointing relative performance this fiscal year. First, we had an unusual number of stocks (five) decline more than 30% during the Fund's holding period. There was only one such name in fiscal 2017. Second, while the Fund performed well in most sectors, it performed poorly in the Consumer Discretionary and Industrials sectors.

- The Fund's holdings in Consumer Discretionary declined by about 10% during the fiscal year, whereas the benchmark's sector gained nearly 16%. Winnebago Industries was the most disappointing as worries over the end of the RV cycle overwhelmed what we perceived as strong execution and a very attractive valuation. Other positions, including Culp and Hamilton Beach, added to the underperformance on lackluster earnings.
- In the Industrials sector, a surprise change in strategic direction by Macquarie Infrastructure led to a steep one-day loss. This accounted for a significant part of the Fund's underperformance in the sector. Smaller setbacks in Primoris and Deluxe due to disappointing earnings results were also negative contributors.

While these sectors were disappointing, the Fund's holdings in Health Care and Energy performed very well.

- For most of the year, the Fund only owned two health care stocks, Ensign Group and Chemed. Both are health care services companies that were up more than 50% during the fiscal year on strong earnings results.
- The Fund's holdings in Delek US, a refining company benefitting from growth in oil production in the Permian basin helped the Fund outperform in the Energy sector. In addition, two relatively new holdings, Evolution Petroleum and Berry Petroleum saw solid gains as the price of oil firmed up during the year.

In conclusion, thank you for investing alongside us in the Fund. Based upon our discussion of historical market data, we believe, now especially, that dividend-paying small- and mid-cap companies present an attractive value proposition. We hope that our discussion of these points has renewed your confidence in the Fund and our underlying investment process.

Sincerely,



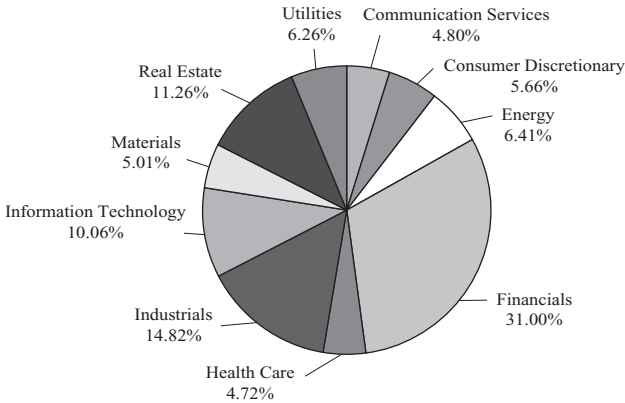
Thomas E. Browne, Jr.
Lead Portfolio Manager



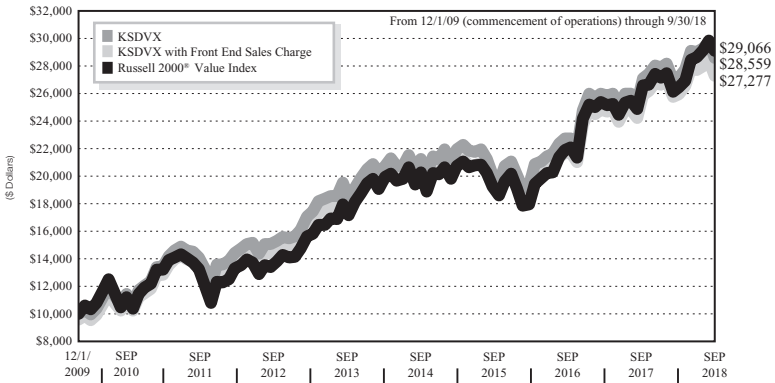
Brian P. Leonard
Portfolio Manager

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**Investments by Sector
As a Percentage of Investments
As of 9/30/2018
(Unaudited) ***



**Index Comparison
Comparison of a Hypothetical \$10,000 Investment
Keeley Small Cap Dividend Value Fund - Class A and Russell 2000® Value Index **
(Unaudited)**



Average annual total returns ***
For the periods ended September 30, 2018

	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>Since Commencement of Operations (1)</u>
Keeley Small Cap Dividend Value Fund				
Class A	5.44%	13.55%	8.32%	12.62%
Class A (includes max 4 1/2% front-end load)	0.69%	11.82%	7.32%	12.03%
Class I	5.71%	13.85%	8.60%	12.90%
Russell 2000® Value Index	9.33%	16.12%	9.91%	12.84%

(1) Inception date for both classes is December 1, 2009.

* Excludes short-term investments.

** The Russell 2000® Value Index measures the performance of those Russell 2000® Index companies with lower prices-to-book ratios and lower forecasted growth values. These figures do not reflect any deductions for fees, expenses or taxes, and are not available for investment.

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MANAGER COMMENTARY

KEELEY Small-Mid Cap Value Fund (KSMVX - KSMIX)

To Our Shareholders,

For the quarter ended September 30, 2018, the KEELEY Small-Mid Cap Value Fund's net asset value ("NAV") per Class A share increased 0.62% versus a gain of 2.67% for the Russell 2500 Value Index. Over the fiscal year ended September 30, 2018, the Fund appreciated 8.67% versus 10.24% for the Russell 2500 Value Index ("Index").

Commentary

As we move towards the end of the calendar year, the economy continues to signal domestic strength. Chief among these positive statistics is the unemployment rate, which has declined to 3.7%, the lowest level since the Vietnam War. Yet, despite tight employment conditions where many companies cite talent acquisition as a strategic concern, hourly earnings growth and inflation remain at modest levels, which we believe supports the case that the economy is not overheating. Corporate tax reform has boosted earnings growth, and we believe this has contributed to a general willingness to increase the level of business investment. Likewise, the ISM Non-Manufacturing Index, which also encompasses orders and business activity, marked the highest expansionary reading since mid-2005.

Stock indices, however, ended the quarter on the retreat after marking all-time highs earlier this summer. The impact was far more pronounced for small capitalization stocks. Reflecting back to the start of the year, the Trump Administration's opening of a two-front trade war – in China and North America – prompted investors to reallocate towards domestically-focused small caps, which are perceived as more insulated from such matters. We were supportive of the insulation thesis and felt it provided a reason to remain bullish. Yet in the final days of the quarter, the Trump Administration rather quickly resolved the war on one front as NAFTA was restyled the US-Mexico-Canada Agreement (USMCA). Largely perceived by investors and companies as having "dodged a bullet," the new agreement should allow for minimal disruption to existing supply chains and provide reasonable protections, rather than the punitive repudiations implied by earlier rhetoric. With this achievement, and its contemplation as a template for China, small caps lost their perceived competitive advantage over their larger, global brethren. We do remain concerned about the prickly sparring with China, predominantly over trade issues, recognizing both the exposure of technology supply chains and the threat to US consumers through higher price levels. We continue to proactively anticipate potential exposure among our holdings.

A few companies have already preannounced lower than expected results for the third quarter citing slower sales into China, tougher restrictions at Chinese customs, and higher raw material costs. With the US economy continuing to perform well and the Fed maintaining its rate hike path, investors have begun to question, "Can it get any better?" as sales growth slows and margins become squeezed by higher input costs (tariff impact on materials, oil as well as labor). The upcoming mid-term elections added to this uncertainty, thus extending the environment where valuation

metrics have been less relevant, with growth/momentum factors outperforming value. On this point, the performance between the lowest and highest P/E stocks is the widest it has been since 1999.

For this annual period, the Fund slightly underperformed the Index. Historically, the Fund has benefitted from merger and acquisition activity as we expect the restructured companies in which the Fund invests to become cleaner, simpler pure plays attracting larger company interest. However, the uncertainty of the impacts from tariffs, soon rising to 25% on more goods, and higher interest rates has led to a reduction in merger and acquisition activity. Instead, management teams have chosen to use the benefits from tax reform to invest in their businesses and buy back stock. For the twelve-month period, the Fund had four companies acquired – Orbital ATK by Northrop Grumman, Mitel by private equity, CSRA by General Dynamics and Energen by Diamondback Energy.

Strong stock selection in the Technology sector was led by the Mitel and CSRA acquisitions as well as strong earnings from financial technology companies WEX and Broadridge. In Real Estate, outperformance was driven by strong earnings results at Ryman Hospitality and Lamar Advertising. The transformation of NRG into a simpler, more stable, steady cashflow business model, continues to be recognized by investors as this company led to the Fund's outperformance in the Utilities sector.

Unfortunately, the macro uncertainties of trade, tight labor markets and rising interest rates impacted stock selection within the Consumer Discretionary and Financial sectors. Trade issues have slowed auto sales in China leading to weakness in Visteon and Delphi while concerns over tighter labor led to margin pressure at restaurants such as Del Taco. Bank stocks were also weak as higher rates increased deposit funding costs and decreased net interest margin. It appears that the increased uncertainty may have led investors to the safer Healthcare sector given less rate and tariff risk, and the Fund has been underweight this sector.

Conclusion

As we look to the end of the year 2018 and beyond, we do not believe that the recent weakness is the start of a larger decline. That is not to say that a correction may not occur. We simply don't perceive the conditions that could lead to a 40%-50% drop like we saw in the 2000-2003 and 2008-2009 time periods. Our outlook instead remains balanced. On the positive side, the economy appears to be on solid footing, and this should benefit corporate earnings. On the political side, while there is a lot of noise, the Trump Administration appears to be making some progress on trade and security. On the negative side, some of that progress seems to come in "a one step back and two steps forward" manner. Other concerns include the remarkably easy credit market conditions, the likely impact of higher rates on US government budget deficits, and what we see as slightly elevated valuations for stocks. As we get past the mid-term elections and have more clarity on trade, we believe the market will refocus back to value-based fundamental investing.

In conclusion, we thank you for investing alongside us in the KEELEY Small-Mid Cap Value Fund. We will continue to work hard to justify your confidence and trust.

Sincerely,



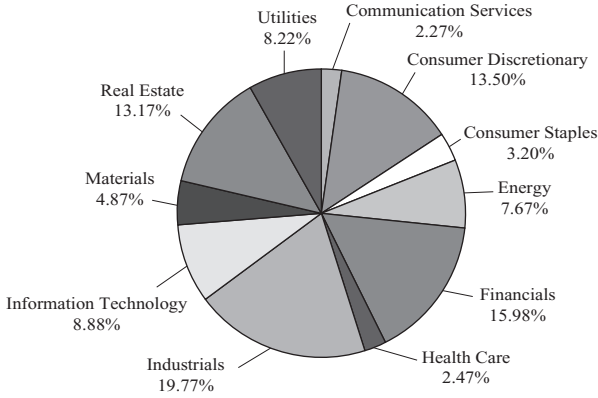
Kevin M. Chin
Chief Investment Officer, Portfolio Manager



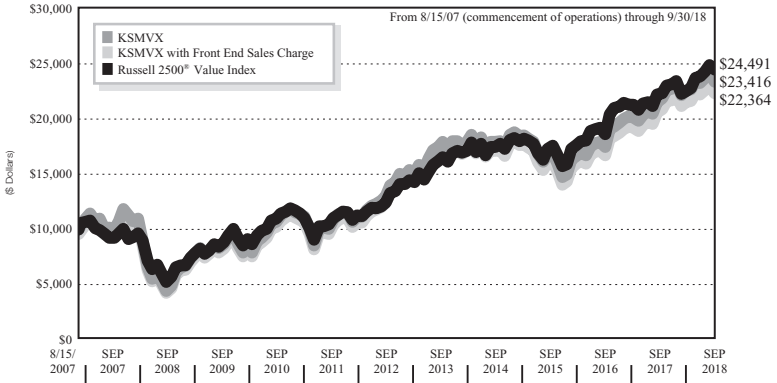
Brian R. Keeley
Portfolio Manager

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**Investments by Sector
As a Percentage of Investments
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(Unaudited) ***



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(Unaudited)**



Average annual total returns ***
For the periods ended September 30, 2018

	<u>1-Year</u>	<u>5-Years</u>	<u>10-Years</u>	<u>Since Commencement of Operations ⁽¹⁾</u>
Keeley Small-Mid Cap Value Fund				
Class A	8.67%	7.33%	10.07%	7.95%
Class A (includes max 4 1/2% front-end load)	3.80%	6.35%	9.57%	7.50%
Class I	9.00%	7.60%	10.35%	8.22%
Russell 2500® Value Index	10.24%	9.99%	10.53%	8.38%

- (1) Inception date for both classes is August 15, 2007.
- * Excludes short-term investments.
- ** The Russell 2500[®] Value Index measures the performance of those Russell 2500[®] Index companies with lower price-to-book ratios and lower forecasted growth values. The stocks in this index are also members of either the Russell 1000[®] Value or the Russell 2000[®] Value Indexes. These figures do not reflect any deductions for fees, expenses or taxes, and are not available for investment.
- *** Performance data quoted represents past performance, which is not predictive of future performance. The investment return and principal value of shares will fluctuate and when redeemed, may be worth more or less than their original cost. Returns shown include the reinvestment of all dividends. The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of shares. Returns shown reflect the effect of the Adviser's fee waiver agreement for the Fund. If such fee waivers had not occurred, the quoted performance would be lower.

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MANAGER COMMENTARY

KEELEY Mid Cap Dividend Value Fund (KMDVX - KMDIX)

To Our Shareholders,

The fiscal year ended September 30, 2018 was an interesting one in the markets. While the end result was a nice gain, there was more choppiness than in the recent past. This has been interesting to witness, as the underlying economic fundamentals were stronger and more consistent. We believe that the rise in volatility is attributable to the advanced stage of the economic cycle and increased political uncertainty.

According to the National Bureau of Economic Research (NBER), the Great Recession ended in June 2009. That means that we are now experiencing the second longest expansion on record (the longest being March 1991 to March 2001). While expansions do not die of old age, the slack in the system that allows them eventually runs out, and we perceive there to be signs of that with unemployment falling below 4% and interest rates edging upward.

The other side of the coin is that business conditions remain good. Companies are profitable and generating significant amounts of free cash flow, which they can in turn use to invest in their businesses or return capital to shareholders. In addition, consumers appear more willing to spend as low employment has led to greater confidence in job security. Additionally, the Tax Cuts and Jobs Act likely added time to this expansion. Its passage in December fueled solid fourth quarter 2017 gains in the market and drove a strong start to 2018.

Late in January, however, investors began to focus on another part of the President's economic agenda: the imposition of tariffs and trade restrictions on foreign goods, particularly those from China. The increasing rhetoric around this time led to a sharp, but brief, sell-off in stocks. We believe that because the Administration has not aggressively followed the talk with actions, the market bounced back and set new highs in September. More recently, additional concerns have resurfaced. While the U.S. made progress in resolving many trade issues with the EU and crafted a replacement for NAFTA with Canada and Mexico, it remains at loggerheads with China. Since the end of the September 2018 quarter, the market seems to have fallen on these renewed trade concerns and their potential impact on economic growth.

Throughout this time, a few trends have been reasonably consistent. First, rates continued to rise, particularly at the short end. From September 2017 to September 2018, the yield on the ten-year treasury rose from 2.32% to 3.19%, and the yield on the three-month T-bill increased from 1.07% to 2.22%. The market currently expects the Fed to continue interest rate increases with a hike in December 2018 followed by two more in 2019.

A second trend that continued is the outperformance of growth vs. value. The Russell Midcap Growth Index outperformed the Russell Midcap Value Index in seven of the last eight quarters. The superior performance of growth relative to value also extends beyond mid caps to the small- and large-cap spaces as well.

With rates rising and smaller company stocks lagging, one might ask how we would make the case to invest in dividend-paying small-cap and mid-cap stocks?

First, it is important to keep in mind that the performance of dividend-paying stocks is partly intertwined with that of value stocks in the small- and mid-cap universe. Roughly 81% of the stocks in the Russell Midcap Value Index pay dividends, whereas only 52% of the stocks in the Russell Midcap Growth Index do. In the small-cap universe, the percentages are 65% for value and 36% for growth.

After sustained outperformance by the growth indices, value has become increasingly inexpensive relative to growth. At the end of September 2018, the Russell Midcap Value Index traded at 14.5x forward estimated earnings vs. 22.1x for the Russell Midcap Growth Index. The resulting ratio of 0.65 between these indexes compares with an average of 0.78 since 1999, and the current ratio of 0.65 is in the lowest quintile of its history since that date. For small-cap stocks, the Russell 2000 Value Index trades at 15.4x vs. 36.5x for the Russell 2000 Growth Index. The resulting ratio of 0.42 between these indexes is also below the 0.65 average since 1999. When compared to historical levels since 1999, the data supports our contention that value is relatively inexpensive.

Second, dividend-paying stocks have outperformed non-dividend paying stocks over time despite similar periods of underperformance. This is particularly true on a risk-adjusted basis. Since 1995, dividend-paying mid caps have produced a compound annual return of 11.1% compared with 10.7% for the Russell Midcap Index and 9.6% for non-dividend payers in that index.

This outperformance came despite previous periods of relatively weak performance for dividend payers. For example, in the ten years ended December 31, 2008, dividend payers outperformed the Russell Midcap Index by 4.6% per year (on a compounded basis) despite underperforming by more than twenty percentage points in 1999 and eight points in 2003. Dividend payers also exhibited lower volatility over this period.

Finally, dividend payers have recently lagged and have historically rebounded after such periods of underperformance. During the twelve months ended September 30, 2018, we estimate that the dividend-paying stocks within the Russell Midcap Index gained 9.1%. That compares with 27.3% for the non-dividend-payers in that index, 14.0% for the Russell Midcap Index, and 8.8% for the Russell 2000 Value Index. This gap in performance is unusually wide. In fact, in only ten of the eighty-eight rolling four-quarter periods since 1995 (the first is the March quarter of 1999 through the December quarter of 1996) has the gap between the dividend-payers in the and the Russell Midcap Index been this wide (4.8%). In the four quarters following these periods, dividend paying stocks outperformed by an average of 9.6%.

Our experience as investors draws us toward opportunities which have solid long-term records and sound underlying fundamentals, but where the recent stock price performance has lagged. It appears to us that dividend paying small- and mid-cap stocks currently meet these parameters. We thus believe that the names in which the Fund invests are positioned to outperform going forward when using recent historical market data as a guide.

For the fiscal year ended September 30, 2018, the KEELEY Mid Cap Dividend Value Fund's net asset value ("NAV") per Class A share gained 10.47% versus a gain of 8.81% for the Russell Midcap Value Index.

We are pleased to report that the Fund outperformed its benchmark index despite the headwinds from the broad underperformance of dividend-paying stocks discussed earlier.

The source of the outperformance of the Fund was broad-based, with the Fund adding value in nine of twelve economic sectors, with most of the relative contribution in the Financials sector, followed by Consumer Staples, Energy, and Information Technology. The only three sectors where the Fund's holdings lagged were Industrials, Materials, and Communications Services (of note, the majority of the Fund's underperformance in Communications Services was because it did not own Twitter, and we are still trying to understand how one would consider it to be a value stock).

- The Fund's Financial holdings benefitted from strong performance in a handful of banks and life insurance companies. These companies benefitted from rising interest rates, generally improving their earnings outlook.
- Consumer Staples is a smaller sector that underperformed during the year. The Fund, however, owns Lamb Weston, one of the leading makers of French fries. Its gains were fueled by strong earnings and a growing appreciation of the underlying fundamentals in its business since it was spun out of Conagra in 2016.
- In Information Technology, strong earnings at Total Systems Services, a credit card processing company, drove strong performance in its shares. The Fund also benefitted from the acquisition of portfolio holding CSRA by General Dynamics. This was one of five companies the Fund held that were acquired during the fiscal year.
- The Energy sector was one of the stronger sectors in the benchmark, and the Fund's holdings outperformed. Gains were led by two refining companies, HollyFrontier and Delek US. The Fund also benefitted from gains in two Permian Basin oil producers, SM Energy and Energen.
- Aside from Communications Services (thanks, Twitter), the only sector that materially detracted from performance was Industrials. In that sector, a surprise change in strategic direction by Macquarie Infrastructure led to a steep one-day loss. Its drop was the most significant driver of sector underperformance for the Fund.

In conclusion, thank you for investing alongside us in the Fund. Based upon our discussion of historical market data, we believe, now especially, that dividend-paying small- and mid-cap companies present an attractive value proposition. We hope that our discussion of these points has renewed your confidence in the Fund and our underlying investment process.

Sincerely,



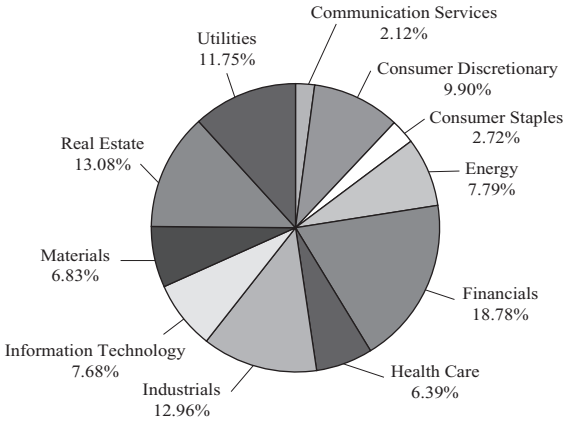
Thomas E. Browne, Jr.
Lead Portfolio Manager



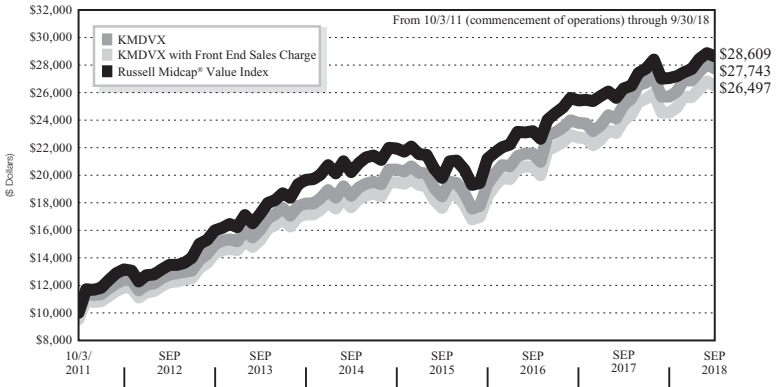
Brian P. Leonard
Portfolio Manager

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Average annual total return measures annualized change, while total return measures aggregate change.

**Investments by Sector
As a Percentage of Investments
As of 9/30/2018
(Unaudited) ***



**Index Comparison
Comparison of a Hypothetical \$10,000 Investment
Keeley Mid Cap Dividend Value Fund - Class A and Russell Midcap® Value Index **
(Unaudited)**



Average annual total returns ***
For the periods ended September 30, 2018

	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>Since Commencement of Operations (1)</u>
Keeley Mid Cap Dividend Value Fund				
Class A	10.47%	14.61%	11.60%	15.71%
Class A (includes max 4 1/2% front-end load)	5.49%	12.87%	10.58%	14.95%
Class I	10.78%	14.90%	11.88%	15.99%
Russell Midcap® Value Index	8.81%	13.09%	10.72%	16.22%

(1) Inception date for both classes is October 3, 2011.

* Excludes short-term investments.

** The Russell Midcap[®] Value Index is an unmanaged index of common stock prices that measures the performance of those Russell Midcap[®] companies with lower price-to-book ratios and lower forecasted growth values. These figures do not reflect any deduction for fees, expenses or taxes, and are not available for investment.

*** Performance data quoted represents past performance, which is not predictive of future performance. The investment return and principal value of shares will fluctuate and when redeemed, may be worth more or less than their original cost. Returns shown include the reinvestment of all dividends. The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of shares. Returns shown reflect the effect of the Adviser's fee waiver agreement for the Fund. If such fee waivers had not occurred, the quoted performance would be lower.

KEELEY Funds, Inc.
Expense Example
For the Six Month Period Ended September 30, 2018
(Unaudited)

As a shareholder of the Funds, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments; and (2) ongoing costs, including management fees, distribution (12b-1) fees, and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from April 1, 2018 to September 30, 2018 (the "period") for the Small Cap Value Fund, the Small Cap Dividend Value Fund, the Small-Mid Cap Value Fund, and the Mid Cap Dividend Value Fund.

Actual Expenses

The table below provides information about actual account values and actual expenses. You may use the information in this table, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 equals 8.6), then multiply the result by the number in the applicable line under the heading entitled "Expenses Paid During the Period" to estimate the expenses you paid on your account during the period.

	CLASS A			
	Beginning account value	Ending account value	Annual Expense Ratio	Expenses Paid During the Period *
Small Cap Value Fund	\$1,000.00	\$1,059.60	1.39%	\$7.18
Small Cap Dividend Value Fund	1,000.00	1,052.00	1.29%	6.64
Small-Mid Cap Value Fund	1,000.00	1,037.80	1.39%	7.10
Mid Cap Dividend Value Fund	1,000.00	1,080.60	1.29%	6.73

	CLASS I			
	Beginning account value	Ending account value	Annual Expense Ratio	Expenses Paid During the Period *
Small Cap Value Fund	\$1,000.00	\$1,061.00	1.14%	\$5.89
Small Cap Dividend Value Fund	1,000.00	1,053.40	1.04%	5.35
Small-Mid Cap Value Fund	1,000.00	1,039.10	1.14%	5.83
Mid Cap Dividend Value Fund	1,000.00	1,082.30	1.04%	5.43

* Expenses are equal to the Funds' expense ratio for the six-month period, multiplied by the average account value over the period, multiplied by 183/365 for the Funds (to reflect the one-half year period).

KEELEY Funds, Inc.
Expense Example (Continued)
For the Six Month Period Ended September 30, 2018
(Unaudited)

Hypothetical Example for Comparison Purposes

The table below provides information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Funds' actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads). Therefore, the table below is useful in comparing the ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs could have been higher.

	CLASS A			
	<u>Beginning account value</u>	<u>Ending account value</u>	<u>Annual Expense Ratio</u>	<u>Expenses Paid During the Period *</u>
Small Cap Value Fund	\$1,000.00	\$1,018.10	1.39%	\$7.03
Small Cap Dividend Value Fund	1,000.00	1,018.60	1.29%	6.53
Small-Mid Cap Value Fund	1,000.00	1,018.10	1.39%	7.03
Mid Cap Dividend Value Fund	1,000.00	1,018.60	1.29%	6.53

	CLASS I			
	<u>Beginning account value</u>	<u>Ending account value</u>	<u>Annual Expense Ratio</u>	<u>Expenses Paid During the Period *</u>
Small Cap Value Fund	\$1,000.00	\$1,019.35	1.14%	\$5.77
Small Cap Dividend Value Fund	1,000.00	1,019.85	1.04%	5.27
Small-Mid Cap Value Fund	1,000.00	1,019.35	1.14%	5.77
Mid Cap Dividend Value Fund	1,000.00	1,019.85	1.04%	5.27

* Expenses are equal to the Funds' expense ratio for the six-month period, multiplied by the average account value over the period, multiplied by 183/365 for the Funds (to reflect the one-half year period).

KEELEY Small Cap Value Fund
SCHEDULE OF INVESTMENTS
September 30, 2018

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
COMMON STOCKS – 98.13%		Diversified Financial Services – 3.39%	
Auto Components – 2.64%		Electric Utilities – 2.08%	
683,020 Modine Manufacturing Co. (a)	\$ 10,176,998	485,180 Air Lease Corp.	\$ 22,260,058
77,557 Visteon Corp. (a)	7,205,045	182,520 Allele, Inc.	13,690,825
	<u>17,382,043</u>	Electronic Equipment, Instruments & Components – 1.48%	
Banks – 9.45%		585,466 Knowles Corp. (a)	9,730,445
300,893 BancorpSouth Bank	9,839,201	Health Care Equipment & Supplies – 3.32%	
320,730 Bank of NT Butterfield & Son Ltd.	16,633,058	514,770 Invacare Corp.	7,489,903
344,390 CenterState Bank Corp.	9,660,139	190,660 Varex Imaging Corp. (a)	5,464,316
641,460 Opus Bank	17,576,004	305,547 Wright Medical Group N.V. (a)	8,866,974
280,488 State Bank Financial Corp.	8,465,128		<u>21,821,193</u>
	<u>62,173,530</u>	Health Care Providers & Services – 1.04%	
Capital Markets – 0.79%		180,777 The Ensign Group, Inc.	6,855,064
288,971 Donnelley Financial Solutions, Inc. (a)	5,178,360	Hotels, Restaurants & Leisure – 7.01%	
Chemicals – 1.83%		1,000,070 Del Taco Restaurants, Inc. (a)	11,810,826
157,452 Sensient Technologies Corp.	12,046,653	678,771 Denny's Corp. (a)	9,991,509
Commercial Banks – 8.21%		1,294,560 Playa Hotels & Resorts N.V. (a)	12,466,613
182,520 BOK Financial Corp.	17,755,546	43,140 Vail Resorts, Inc.	11,838,479
186,600 Columbia Banking System, Inc.	7,234,482		<u>46,107,427</u>
468,250 Hilltop Holdings, Inc.	9,444,602	Household Durables – 0.99%	
216,345 Synovus Financial Corp.	9,906,438	526,578 TRI Pointe Group, Inc. (a)	6,529,567
136,455 UMB Financial Corp.	9,674,659	Household Products – 1.83%	
	<u>54,015,727</u>	161,320 Spectrum Brands Holdings, Inc.	12,053,830
Commercial Services & Supplies – 2.79%		IT Services – 2.08%	
278,149 ABM Industries, Inc.	8,970,305	68,222 WEX, Inc. (a)	13,696,249
259,490 Ritchie Bros. Auctioneers, Inc.	9,375,374	Machinery – 11.02%	
	<u>18,345,679</u>	207,100 Altra Industrial Motion Corp.	8,553,230
Construction & Engineering – 2.64%		207,006 ESCO Technologies, Inc.	14,086,759
822,230 KBR, Inc.	17,373,720	283,981 ITT, Inc.	17,396,676
Diversified Consumer Services – 1.41%		160,941 John Bean Technologies Corp.	19,200,261
1,325,176 Houghton Mifflin Harcourt Co. (a)	9,276,232	633,284 Welbilt, Inc. (a)	13,222,970
	<u>9,276,232</u>		<u>72,459,896</u>

The accompanying notes are an integral part of these financial statements.

KEELEY Small Cap Value Fund
SCHEDULE OF INVESTMENTS (Continued)
September 30, 2018

Shares	Value	Shares	Value
Media – 3.36%		Thriffs & Mortgage Finance – 5.95%	
851,756 Media General, Inc. CVR (a)(b)	\$ 25,553	125,370 Iberiabank Corp.	\$ 10,198,850
271,163 Nexstar Media Group, Inc. – Class A	<u>22,072,668</u>	606,460 Kearny Financial Corp.	8,399,471
	<u>22,098,221</u>	344,050 OceanFirst Financial Corp.	9,365,041
		454,260 Provident Financial Services, Inc.	<u>11,152,083</u>
Metals & Mining – 3.10%			<u>39,115,445</u>
363,870 Allegheny Technologies, Inc. (a)	10,752,359	Total Common Stocks	
88,635 Kaiser Aluminum Corp.	<u>9,666,533</u>	(Cost \$438,355,979)	<u>\$645,397,063</u>
	<u>20,418,892</u>	SHORT TERM INVESTMENTS – 2.02%	
Multi-Utilities – 0.98%		Money Market Funds – 2.02%	
110,490 Black Hills Corp.	<u>6,418,364</u>	13,273,473 Fidelity® Investments Money Market Government Portfolio Class I, 1.92% (c)	<u>\$ 13,273,473</u>
Oil, Gas & Consumable Fuels – 6.73%		Total Short Term Investments	
259,475 Delek US Holdings, Inc.	11,009,524	(Cost \$13,273,473)	<u>\$ 13,273,473</u>
1,039,782 HighPoint Resources Corp. (a)	5,074,136	Total Investments – 100.15%	
1,040,890 Oasis Petroleum, Inc. (a)	14,759,820	(Cost \$451,629,452)	<u>\$658,670,536</u>
459,510 Parsley Energy, Inc. – Class A (a)	<u>13,440,668</u>	Liabilities in Excess of Other Assets – (0.15)%	<u>(964,920)</u>
	<u>44,284,148</u>	TOTAL NET ASSETS – 100.00%	
Real Estate Investment Trusts (REITs) – 6.78%			<u>\$657,705,616</u>
574,960 CareTrust REIT, Inc.	10,182,542	Percentages are stated as a percent of net assets.	
151,030 Ryman Hospitality Properties, Inc.	13,014,255	(a) Non Income Producing.	
645,523 Sabra Health Care REIT, Inc.	14,924,492	(b) A CVR is a contingent value right. The price for this security was derived from an estimate of fair market value using methods approved by the Fund’s Board of Directors. This security represents \$25,553 or 0.00% of the Fund’s net assets and is classified as a Level 3 security.	
136,170 Seritage Growth Properties – Class A	<u>6,466,713</u>	(c) Represents annualized seven-day yield as of the close of the reporting period.	
	<u>44,588,002</u>	The industry classifications listed above are in accordance with Global Industry Classification Standards (GICS®), which was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC ("S&P").	
Real Estate Management & Development – 2.28%			
695,689 Kennedy-Wilson Holdings, Inc.	<u>14,957,314</u>		
Semiconductors & Semiconductor Equipment – 1.93%			
352,223 Versum Materials, Inc.	<u>12,683,550</u>		
Software – 1.77%			
232,099 Verint Systems, Inc. (a)	<u>11,628,160</u>		
Specialty Retail – 1.25%			
173,211 Penske Automotive Group, Inc.	<u>8,208,469</u>		

The accompanying notes are an integral part of these financial statements.

KEELEY Small Cap Dividend Value Fund
SCHEDULE OF INVESTMENTS
September 30, 2018

Shares	Value	Shares	Value
COMMON STOCKS – 97.13%		Construction & Engineering – 3.75%	
Automobiles – 1.61%			
43,850 Winnebago Industries, Inc.	\$ 1,453,628	87,050 KBR, Inc.	\$ 1,839,367
Banks – 9.74%		62,760 Primoris Services Corp.	1,557,703
58,210 BancorpSouth Bank	1,903,467		3,397,070
29,500 Bank of NT Butterfield & Son Ltd.	1,529,870	Diversified Consumer Services – 0.61%	
59,205 CenterState Bank Corp.	1,660,700	25,525 Carriage Services, Inc.	550,064
89,329 FNB Corp.	1,136,265	Electric Utilities – 2.37%	
39,800 Guaranty Bancorp	1,182,060	16,325 Allete, Inc.	1,224,538
46,528 State Bank Financial Corp.	1,404,215	16,110 El Paso Electric Co.	921,492
	8,816,577		2,146,030
Capital Markets – 4.17%		Electrical Equipment – 1.97%	
94,400 Oaktree Specialty Lending Corp.	468,224	12,230 AZZ, Inc.	617,615
71,910 Silvercrest Asset Management Group, Inc. – Class A	995,953	14,185 Regal Beloit Corp.	1,169,553
54,890 Solar Capital Ltd.	1,173,548		1,787,168
55,630 Virtu Financial, Inc. – Class A	1,137,634	Electronic Equipment, Instruments & Components – 2.99%	
	3,775,359	74,265 AVX Corp.	1,340,483
Commercial Banks – 8.58%		19,535 Dolby Laboratories, Inc. – Class A	1,366,864
35,610 Columbia Banking System, Inc.	1,380,600		2,707,347
23,730 Glacier Bancorp, Inc.	1,022,526	Energy Equipment & Services – 1.32%	
47,170 Hanmi Financial Corp.	1,174,533	70,030 Patterson-UTI Energy, Inc.	1,198,213
32,106 LegacyTexas Financial Group, Inc.	1,367,715	Entertainment – 1.44%	
23,900 Union Bankshares Corp.	920,867	32,400 Cinemark Holdings, Inc.	1,302,480
22,410 Wintrust Financial Corp.	1,903,505	Gas Utilities – 1.51%	
	7,769,746	38,710 South Jersey Industries, Inc.	1,365,302
Commercial Services & Supplies – 4.11%		Health Care Providers & Services – 4.58%	
89,985 Covanta Holding Corp.	1,462,256	6,125 Chemed Corp.	1,957,428
15,890 Deluxe Corp.	904,777	57,800 The Ensign Group, Inc.	2,191,776
26,980 Matthews International Corp. – Class A	1,353,047		4,149,204
	3,720,080	Hotels, Restaurants & Leisure – 1.16%	
Communications Equipment – 1.60%		9,400 Marriott Vacations Worldwide Corp.	1,050,450
24,050 Plantronics, Inc.	1,450,215	Household Durables – 1.16%	
		48,042 Hamilton Beach Brands Holding Co.	1,054,041

The accompanying notes are an integral part of these financial statements.

KEELEY Small Cap Dividend Value Fund
SCHEDULE OF INVESTMENTS (Continued)
September 30, 2018

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
Independent Power and Renewable Electricity Producers – 1.07%		Real Estate Investment Trusts (REITs) – (continued)	
47,150 Atlantica Yield PLC	\$ 970,347	35,125 National Storage Affiliates	\$ 893,580
Insurance – 1.48%		49,980 OUTFRONT Media, Inc.	997,101
17,820 FBL Financial Group, Inc. – Class A	<u>1,340,955</u>	19,190 PotlatchDeltic Corp.	785,831
IT Services – 1.97%		11,570 Ryman Hospitality Properties, Inc.	996,987
88,320 The Hackett Group, Inc.	<u>1,779,648</u>	75,845 Sabra Health Care REIT, Inc.	1,753,536
Machinery – 4.56%		39,500 STAG Industrial, Inc.	<u>1,086,250</u>
41,600 Altra Industrial Motion Corp.	1,718,080		<u>9,904,476</u>
30,080 Astec Industries, Inc.	1,516,333	Semiconductors & Semiconductor Equipment – 1.90%	
7,530 John Bean Technologies Corp.	<u>898,329</u>	118,680 Cypress Semiconductor Corp.	<u>1,719,673</u>
	<u>4,132,742</u>	Software – 1.32%	
Media – 3.22%		95,870 TiVo Corp.	<u>1,193,582</u>
137,330 Entercom Communications Corp. – Class A	1,084,907	Textiles, Apparel & Luxury Goods – 0.96%	
22,520 Nexstar Media Group, Inc. – Class A	<u>1,833,128</u>	36,042 Culp, Inc.	<u>872,216</u>
	<u>2,918,035</u>	Thrifts & Mortgage Finance – 6.15%	
Metals & Mining – 2.90%		41,380 Berkshire Hills Bancorp, Inc.	1,684,166
55,030 Commercial Metals Co.	1,129,216	17,020 Iberiabank Corp.	1,384,577
22,315 Compass Minerals International, Inc.	<u>1,499,568</u>	47,760 OceanFirst Financial Corp.	1,300,027
	<u>2,628,784</u>	48,730 Provident Financial Services, Inc.	<u>1,196,322</u>
Multi-Utilities – 1.13%			<u>5,565,092</u>
17,600 Black Hills Corp.	<u>1,022,384</u>	Total Common Stocks	
Oil, Gas & Consumable Fuels – 4.90%		(Cost \$63,051,453) <u>\$87,950,549</u>	
70,800 Berry Petroleum Corp.	1,247,496	SHORT TERM INVESTMENTS – 2.90%	
33,808 Delek US Holdings, Inc.	1,434,473	Money Market Funds – 2.90%	
71,070 Evolution Petroleum Corp.	785,324	2,622,272 Fidelity® Investments Money Market Government Portfolio Class I, 1.92% (a)	<u>\$ 2,622,272</u>
43,920 SemGroup Corp. – Class A	<u>968,436</u>	Total Short Term Investments	
	<u>4,435,729</u>	(Cost \$2,622,272) <u>\$ 2,622,272</u>	
Paper & Forest Products – 1.96%		Total Investments – 100.03%	
105,590 Mercer International, Inc.	<u>1,773,912</u>	(Cost \$65,673,725) <u>\$90,572,821</u>	
Real Estate Investment Trusts (REITs) – 10.94%		Liabilities in Excess of Other Assets – (0.03%) <u>(31,091)</u>	
80,033 CareTrust REIT, Inc.	1,417,384	TOTAL NET ASSETS – 100.00%	
119,910 City Office REIT, Inc.	1,513,264	<u>\$90,541,730</u>	
12,255 CorEnergy Infrastructure Trust, Inc.	460,543		

The accompanying notes are an integral part of these financial statements.

KEELEY Small Cap Dividend Value Fund
SCHEDULE OF INVESTMENTS (Continued)
September 30, 2018

Percentages are stated as a percent of net assets.

(a) Represents annualized seven-day yield as of the close of the reporting period.

The industry classifications listed above are in accordance with Global Industry Classification Standards (GICS[®]), which was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC ("S&P").

The accompanying notes are an integral part of these financial statements.

KEELEY Small-Mid Cap Value Fund
SCHEDULE OF INVESTMENTS
September 30, 2018

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
COMMON STOCKS – 97.36%		Electronic Equipment, Instruments & Components – 1.25%	
Auto Components – 2.07%		Food Products – 1.08%	
36,840 Visteon Corp. (a)	\$ 3,422,436	124,270 Knowles Corp. (a)	\$ 2,065,367
Banks – 5.74%		Health Care Equipment & Supplies – 1.37%	
68,950 Bank of NT Butterfield & Son Ltd.	3,575,747	26,750 Lamb Weston Holdings, Inc.	1,781,550
240,700 FNB Corp.	3,061,704	Health Care Providers & Services – 1.04%	
60,390 PacWest Bancorp	2,877,584	78,140 Wright Medical Group N.V. (a)	2,267,623
Building Products – 1.59%		Home Furnishings – 1.57%	
49,220 A.O. Smith Corp.	2,626,871	9,900 Laboratory Corporation of America Holdings (a)	1,719,432
Chemicals – 3.51%		Hotels, Restaurants & Leisure – 5.55%	
25,000 Ashland Global Holdings, Inc.	2,096,500	273,680 Del Taco Restaurants, Inc. (a)	3,232,161
100,920 Huntsman Corp.	2,748,052	94,500 Denny's Corp. (a)	1,391,040
45,455 Valvoline, Inc.	977,737	55,650 Wyndham Destinations, Inc.	2,412,984
	5,822,289	38,920 Wyndham Hotels & Resorts, Inc.	2,162,784
Commercial Banks – 6.08%			9,198,969
36,525 BOK Financial Corp.	3,553,152	Household Durables – 1.05%	
68,110 Hanmi Financial Corp.	1,695,939	140,510 TRI Pointe Group, Inc. (a)	1,742,324
36,030 Synovus Financial Corp.	1,649,814	Household Products – 2.04%	
44,690 UMB Financial Corp.	3,168,521	45,264 Spectrum Brands Holdings, Inc.	3,382,126
	10,067,426	IT Services – 3.01%	
Commercial Services & Supplies – 1.97%		32,782 Black Knight, Inc. (a)	1,703,025
63,440 Copart, Inc. (a)	3,269,063	16,400 WEX, Inc. (a)	3,292,464
Construction & Engineering – 1.93%			4,995,489
151,390 KBR, Inc.	3,198,871	Machinery – 7.46%	
Diversified Consumer Services – 1.12%		52,857 ESCO Technologies, Inc.	3,596,919
85,710 Carriage Services, Inc.	1,847,051	78,360 ITT, Inc.	4,800,334
Diversified Financial Services – 6.68%		33,270 John Bean Technologies Corp.	3,969,111
106,070 Air Lease Corp.	4,866,492		12,366,364
157,940 AXA Equitable Holdings, Inc.	3,387,813		
56,560 Voya Financial, Inc.	2,809,335		
	11,063,640		
Electric Utilities – 0.75%			
22,700 Evergy, Inc.	1,246,684		

The accompanying notes are an integral part of these financial statements.

KEELEY Small-Mid Cap Value Fund
SCHEDULE OF INVESTMENTS (Continued)
September 30, 2018

Shares	Value	Shares	Value
Media – 2.21%		Specialty Retail – 1.42%	
45,050 Nexstar Media Group, Inc. – Class A	\$ 3,667,070	49,800 Penske Automotive Group, Inc.	\$ 2,360,022
Metals & Mining – 1.22%		Textiles, Apparel & Luxury Goods – 1.94%	
18,600 Kaiser Aluminum Corp.	2,028,516	22,270 PVH Corp.	3,215,788
Multi-Utilities – 6.02%		Trading Companies & Distributors – 1.79%	
110,080 MDU Resources Group, Inc.	2,827,955	51,620 AerCap Holdings N.V. (a)	2,969,182
191,320 NRG Energy, Inc.	7,155,368	Water Utilities – 1.22%	
	9,983,323	23,040 American Water Works Company, Inc.	2,026,829
Oil, Gas & Consumable Fuels – 7.47%		Total Common Stocks	
51,680 Delek US Holdings, Inc.	2,192,783	(Cost \$113,940,412)	\$161,334,657
54,300 Energen Corp. (a)	4,679,031	SHORT TERM INVESTMENTS – 2.70%	
120,060 Parsley Energy, Inc. – Class A (a)	3,511,755	Money Market Funds – 2.70%	
63,480 SM Energy Co.	2,001,524	4,470,044 Fidelity® Investments Money Market Government Portfolio Class I, 1.92% (b)	\$ 4,470,044
	12,385,093	Total Short Term Investments	
Real Estate Investment Trusts (REITs) – 10.39%		(Cost \$4,470,044)	\$ 4,470,044
153,655 CareTrust REIT, Inc.	2,721,230	Total Investments – 100.06%	
59,535 Gaming & Leisure Properties, Inc.	2,098,609	(Cost \$118,410,456)	\$165,804,701
45,783 Iron Mountain, Inc.	1,580,429	Liabilities in Excess of Other Assets – (0.06)%	
33,950 Lamar Advertising Co. – Class A	2,641,310		(94,969)
33,820 Ryman Hospitality Properties, Inc.	2,914,269	TOTAL NET	
169,400 Sabra Health Care REIT, Inc.	3,916,528	ASSETS – 100.00%	
62,130 VICI Properties, Inc.	1,343,251	\$165,709,732	
	17,215,626		
Real Estate Management & Development – 2.43%		Percentages are stated as a percent of net assets.	
32,420 The Howard Hughes Corp. (a)	4,027,212	(a) Non Income Producing.	
Semiconductors & Semiconductor Equipment – 1.59%		(b) Represents annualized seven-day yield as of the close of the reporting period.	
72,990 Versum Materials, Inc.	2,628,370	The industry classifications listed above are in accordance with Global Industry Classification Standards (GICS®), which was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC ("S&P").	
Software – 2.80%			
39,090 CDK Global, Inc.	2,445,470		
43,700 Verint Systems, Inc. (a)	2,189,370		
	4,634,840		

The accompanying notes are an integral part of these financial statements.

KEELEY Mid Cap Dividend Value Fund
SCHEDULE OF INVESTMENTS
September 30, 2018

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
COMMON STOCKS – 93.97%		Electrical Equipment – 1.09%	
Aerospace & Defense – 1.49%		62,790 nVent Electric PLC	\$ 1,705,376
37,170 BWX Technologies, Inc.	\$ 2,324,612	Electronic Equipment, Instruments & Components – 1.47%	
Auto Components – 1.21%		32,675 Dolby Laboratories, Inc. – Class A	2,286,270
21,780 Autoliv, Inc.	1,887,890	Energy Equipment & Services – 0.90%	
Automobiles – 0.50%		82,515 Patterson-UTI Energy, Inc.	1,411,832
9,230 Thor Industries, Inc.	772,551	Entertainment – 1.57%	
Banks – 1.22%		61,125 Cinemark Holdings, Inc.	2,457,225
150,060 FNB Corp.	1,908,763	Food Products – 2.55%	
Capital Markets – 1.13%		61,380 Conagra Brands, Inc.	2,085,078
11,915 Ameriprise Financial, Inc.	1,759,369	28,521 Lamb Weston Holdings, Inc.	1,899,499
Chemicals – 4.68%			<u>3,984,577</u>
36,255 FMC Corp.	3,160,711	Gas Utilities – 1.56%	
68,180 Huntsman Corp.	1,856,541	30,370 National Fuel Gas Co.	1,702,542
35,235 RPM International, Inc.	2,288,161	13,250 UGI Corp.	735,110
	<u>7,305,413</u>		<u>2,437,652</u>
Commercial Banks – 7.64%		Health Care Equipment & Supplies – 1.43%	
85,850 Associated Banc-Corp.	2,232,100	19,560 STERIS PLC	2,237,664
32,044 BOK Financial Corp.	3,117,241	Health Care Providers & Services – 3.35%	
30,620 Comerica, Inc.	2,761,924	14,860 AmerisourceBergen Corp.	1,370,389
21,785 UMB Financial Corp.	1,544,557	14,600 CIGNA Corp.	3,040,451
109,310 Umpqua Holdings Corp.	2,273,648	6,450 Universal Health Services, Inc.	824,568
	<u>11,929,470</u>		<u>5,235,408</u>
Commercial Services & Supplies – 1.59%		Hotels, Restaurants & Leisure – 4.62%	
17,460 Dun & Bradstreet Corp.	2,488,225	126,220 Extended Stay America, Inc.	2,553,430
Construction Materials – 1.74%		15,370 Marriott Vacations Worldwide Corp.	1,717,598
24,400 Vulcan Materials Co.	2,713,280	36,520 Wyndham Destinations, Inc.	1,583,507
Consumer Finance – 1.57%		24,480 Wyndham Hotels & Resorts, Inc.	1,360,354
32,045 Discover Financial Services	2,449,840		<u>7,214,889</u>
Diversified Financial Services – 4.46%		Insurance – 3.74%	
72,020 Air Lease Corp.	3,304,278	26,000 Arthur J. Gallagher & Co.	1,935,440
87,130 AXA Equitable Holdings, Inc.	1,868,939	31,400 Lincoln National Corp.	2,124,524
36,130 Voya Financial, Inc.	1,794,577	12,300 Reinsurance Group of America, Inc.	1,778,088
	<u>6,967,794</u>		<u>5,838,052</u>
Electric Utilities – 2.45%			
34,215 Evergy, Inc.	1,879,088		
66,630 PPL Corp.	1,949,594		
	<u>3,828,682</u>		

The accompanying notes are an integral part of these financial statements.

KEELEY Mid Cap Dividend Value Fund
SCHEDULE OF INVESTMENTS (Continued)
September 30, 2018

Shares	Value	Shares	Value
IT Services – 4.85%		Real Estate Investment Trusts (REITs) – (continued)	
33,060 DXC Technology Co.	\$ 3,091,771	76,885 Hudson Pacific Properties, Inc.	\$ 2,515,677
6,590 Fidelity National Information Services, Inc.	718,771	74,580 Iron Mountain, Inc.	2,574,502
35,880 Perspecta, Inc.	922,834	30,375 Lamar Advertising Co. – Class A	2,363,175
28,680 Total System Services, Inc.	<u>2,831,863</u>	105,980 Sabra Health Care REIT, Inc.	2,450,258
	<u>7,565,239</u>	102,520 VICI Properties, Inc.	<u>2,216,482</u>
			<u>19,191,536</u>
Leisure Equipment & Products – 1.61%		Road & Rail – 1.23%	
37,415 Brunswick Corp.	<u>2,507,553</u>	26,310 Ryder System, Inc.	<u>1,922,472</u>
Life Sciences Tools & Services – 1.22%		Semiconductors & Semiconductor Equipment – 0.90%	
26,910 Agilent Technologies, Inc.	<u>1,898,231</u>	97,380 Cypress Semiconductor Corp.	<u>1,411,036</u>
Machinery – 4.66%		Specialty Retail – 1.38%	
46,640 ITT, Inc.	2,857,165	42,160 Foot Locker, Inc.	<u>2,149,317</u>
33,570 Oshkosh Corp.	2,391,527	Water Utilities – 1.12%	
11,020 Snap-On, Inc.	<u>2,023,272</u>	19,860 American Water Works Company, Inc.	<u>1,747,084</u>
	<u>7,271,964</u>	Total Common Stocks (Cost \$124,174,551) \$146,695,372	
Media – 0.42%		SHORT TERM INVESTMENTS – 5.98%	
54,615 TEGNA, Inc.	<u>653,195</u>	Money Market Funds – 5.98%	
Multi-Utilities – 5.91%		9,329,069 Fidelity® Investments Money Market Government Portfolio Class I, 1.92% (b)	<u>\$ 9,329,069</u>
32,030 Black Hills Corp.	1,860,623	Total Short Term Investments (Cost \$9,329,069) \$ 9,329,069	
75,215 MDU Resources Group, Inc.	1,932,273	Total Investments – 99.95% (Cost \$133,503,620) \$156,024,441	
96,050 NRG Energy, Inc.	3,592,270	Other Assets in Excess of Liabilities – 0.05%	
50,610 OGE Energy Corp.	<u>1,838,155</u>		<u>76,916</u>
	<u>9,223,321</u>	TOTAL NET ASSETS – 100.00% \$156,101,357	
Oil, Gas & Consumable Fuels – 6.41%			
81,240 Cabot Oil & Gas Corp.	1,829,525		
35,880 Delek US Holdings, Inc.	1,522,388		
22,430 Energen Corp. (a)	1,932,793		
46,075 EQT Corp.	2,037,897		
85,220 SM Energy Co.	<u>2,686,987</u>		
	<u>10,009,590</u>		
Real Estate Investment Trusts (REITs) – 12.30%			
94,380 Brixmor Property Group, Inc.	1,652,594		
23,960 EPR Properties	1,639,104		
16,300 Equity Lifestyle Properties, Inc.	1,572,135		
82,775 Healthcare Trust of America, Inc. – Class A	<u>2,207,609</u>		

The accompanying notes are an integral part of these financial statements.

KEELEY Mid Cap Dividend Value Fund
SCHEDULE OF INVESTMENTS (Continued)
September 30, 2018

Percentages are stated as a percent of net assets.

- (a) Non Income Producing.
- (b) Represents annualized seven-day yield as of the close of the reporting period.

The industry classifications listed above are in accordance with Global Industry Classification Standards (GICS®), which was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC ("S&P").

KEELEY Funds, Inc.
STATEMENT OF ASSETS AND LIABILITIES
September 30, 2018

	Small Cap Value Fund
ASSETS:	
Investments, at value ⁽¹⁾	\$658,670,536
Receivable for shares issued	124,873
Dividends and interest receivable	793,049
Prepaid expenses and other assets	27,480
Total Assets	<u>659,615,938</u>
LIABILITIES:	
Payable for shares redeemed	808,188
Payable to Adviser	497,003
Payable to Directors	322,291
Payable to Custodian	7,092
Distribution payable	—
Accrued 12b-1 fees - Class A	80,397
Accrued shareholder servicing fees	27,835
Other accrued expenses	167,516
Total Liabilities	<u>1,910,322</u>
NET ASSETS	<u>\$657,705,616</u>
NET ASSETS CONSIST OF:	
Capital stock	\$404,631,142
Total Distributable Earnings	253,074,474
NET ASSETS	<u>\$657,705,616</u>
CAPITAL STOCK, \$0.0001 par value	
Class A Shares	
Authorized	500,000,000
Issued and outstanding	11,551,099
NET ASSETS	\$379,757,732
NET ASSET VALUE	\$ 32.88
MAXIMUM OFFERING PRICE PER SHARE ⁽²⁾	\$ 34.43
Class I Shares	
Authorized	100,000,000
Issued and outstanding	8,330,016
NET ASSETS	\$277,947,884
NET ASSET VALUE	\$ 33.37
	<u>\$451,629,452</u>

(1) Cost of Investments.

(2) Includes a sales load of 4.50% (see Note 7 of the Notes to the Financial Statements).

The accompanying notes are an integral part of these financial statements.

KEELEY Funds, Inc.
STATEMENT OF ASSETS AND LIABILITIES (Continued)
September 30, 2018

<u>Small Cap Dividend Value Fund</u>	<u>Small-Mid Cap Value Fund</u>	<u>Mid Cap Dividend Value Fund</u>
\$ 90,572,821	\$165,804,701	\$156,024,441
4,244	5,185	89,993
238,882	187,392	263,757
9,335	22,626	28,661
90,825,282	166,019,904	156,406,852
166,618	79,803	138,172
56,510	128,970	99,067
14,937	26,989	11,087
1,212	1,851	1,186
2,366	—	2,186
3,037	9,237	6,764
3,827	6,981	6,410
35,045	56,341	40,623
283,552	310,172	305,495
\$ 90,541,730	\$165,709,732	156,101,357
\$ 59,579,638	\$105,189,598	\$129,614,990
30,962,092	60,520,134	26,486,367
\$ 90,541,730	\$165,709,732	\$156,101,357
100,000,000	100,000,000	100,000,000
731,670	2,975,218	1,336,016
\$ 13,836,257	\$ 43,301,701	\$ 31,986,956
\$ 18.91	\$ 14.55	\$ 23.94
\$ 19.80	\$ 15.24	\$ 25.07
100,000,000	100,000,000	100,000,000
4,050,656	8,223,688	5,183,635
76,705,473	\$122,408,031	\$124,114,401
\$ 18.94	\$ 14.88	\$ 23.94
\$ 65,673,725	\$118,410,456	\$133,503,620

The accompanying notes are an integral part of these financial statements.

KEELEY Funds, Inc.
STATEMENT OF OPERATIONS
For the year ended September 30, 2018

	<u>Small Cap Value Fund</u>
INVESTMENT INCOME:	
Dividend income	\$ 11,808,630
Less: Foreign withholding tax	(30,713)
Interest income	176,053
Total Investment Income	<u>11,953,970</u>
EXPENSES:	
Investment advisory fees	7,399,438
12b-1 fees - Class A	1,105,979
Shareholder servicing fees	369,972
Transfer agent fees and expenses	185,400
Federal and state registration fees	44,906
Audit expense	63,247
Fund accounting and administration fees	218,064
Directors' fees	175,485
Custody fees	44,035
Reports to shareholders	89,247
Interest expense	—
Other	225,230
Total expenses before reimbursement	9,921,003
Reimbursement of expenses by Adviser	(341,037)
NET EXPENSES	<u>9,579,966</u>
NET INVESTMENT INCOME/(LOSS)	<u>2,374,004</u>
REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS:	
Net realized gain on investment from sales of investments	58,479,911
Change in net unrealized appreciation/(depreciation) on investments	(20,933,286)
Net Gain on investments	<u>37,546,625</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 39,920,629</u>

The accompanying notes are an integral part of these financial statements.

KEELEY Funds, Inc.
STATEMENT OF OPERATIONS (Continued)
For the year ended September 30, 2018

<u>Small Cap Dividend Value Fund</u>	<u>Small-Mid Cap Value Fund</u>	<u>Mid Cap Dividend Value Fund</u>
\$ 2,449,319	\$ 2,187,615	\$ 2,716,866
—	—	(1,243)
48,838	45,991	87,876
<u>2,498,157</u>	<u>2,233,606</u>	<u>2,803,499</u>
947,553	1,364,103	1,317,397
43,327	97,779	60,267
47,378	68,205	65,870
23,455	34,197	31,937
36,330	36,161	38,462
29,095	29,599	29,021
34,213	49,301	44,512
19,933	23,768	27,112
7,062	10,065	8,850
9,934	15,470	12,252
—	678	—
29,279	37,574	38,103
1,227,559	1,766,900	1,673,783
(196,530)	(113,365)	(241,278)
<u>1,031,029</u>	<u>1,653,535</u>	<u>1,432,505</u>
<u>1,467,128</u>	<u>580,071</u>	<u>1,370,994</u>
6,406,368	16,732,264	4,035,819
(2,653,649)	(6,609,079)	7,575,426
3,752,719	10,123,185	11,611,245
<u>\$ 5,219,847</u>	<u>\$10,703,256</u>	<u>\$12,982,239</u>

The accompanying notes are an integral part of these financial statements.

KEELEY Funds, Inc.
STATEMENTS OF CHANGES IN NET ASSETS

	Small Cap Value Fund	
	Year Ended September 30, 2018	Year Ended September 30, 2017
OPERATIONS:		
Net investment income	\$ 2,374,004	\$ 2,230,995
Net realized gain on investments	58,479,911	94,396,747
Change in net unrealized appreciation/(depreciation) on investments	(20,933,286)	19,701,672
Net increase in net assets resulting from operations	39,920,629	116,329,414
DISTRIBUTIONS:		
Distributable earnings - Class A	(45,035,164)	(34,271,240)
Distributable earnings - Class I	(30,421,099)	(22,491,353)
Total Distributable earnings	(75,456,263)	(56,762,593) ⁽²⁾
CAPITAL STOCK TRANSACTIONS		
Class A Shares		
Proceeds from shares issued	12,780,208	21,797,628
Proceeds from shares issued in connection with acquisition ⁽¹⁾	—	—
Proceeds from distributions reinvested	42,330,908	32,184,752
Cost of shares redeemed	(157,873,672)	(233,744,340)
Net increase/(decrease) from capital stock transactions	(102,762,556)	(179,761,960)
Class I Shares		
Proceeds from shares issued	43,304,018	63,182,296
Proceeds from shares issued in connection with acquisition ⁽¹⁾	—	—
Proceeds from distributions reinvested	29,574,850	21,166,318
Cost of shares redeemed	(109,051,605)	(205,851,594)
Net increase/(decrease) from capital stock transactions	(36,172,737)	(121,502,980)
TOTAL INCREASE/(DECREASE) IN NET ASSETS	(174,470,927)	(241,698,119)
NET ASSETS:		
Beginning of period	832,176,543	1,073,874,662
End of period	\$ 657,705,616	\$ 832,176,543⁽⁶⁾
CAPITAL SHARE TRANSACTIONS:		
Class A Shares		
Shares sold	389,435	653,583
Shares sold in connection with acquisition ⁽¹⁾	—	—
Issued to shareholder in reinvestment of dividends	1,342,727	953,930
Shares redeemed	(4,790,065)	(7,065,735)
Net increase/(decrease) from capital stock transactions	(3,057,903)	(5,458,222)
Class I Shares		
Shares sold	1,293,713	1,894,913
Shares sold in connection with acquisition ⁽¹⁾	—	—
Issued to shareholder in reinvestment of dividends	923,917	619,410
Shares redeemed	(3,288,006)	(6,148,771)
Net increase/(decrease) from capital stock transactions	(1,070,376)	(3,634,448)

⁽¹⁾ On July 27, 2018, the Keeley All Cap Value Fund merged into KSMVF (see Note 11 of the Notes to the Financial Statements).

⁽²⁾ Distributions for the year ended September 30, 2017 were previously classified as net investment income distributions of \$2,955,616 and \$2,706,813, and net realized gain distributions of \$31,315,624 and \$19,784,540 for the Class A and Class I, respectively.

⁽³⁾ Distributions for the year ended September 30, 2017 were previously classified as net investment income distributions of \$317,901 and \$1,224,516 and net realized gain distributions of \$435,309 and \$1,348,778 for the Class A and Class I, respectively.

⁽⁴⁾ Distributions for the year ended September 30, 2017 were previously classified as net investment income distributions of \$54,360 and \$369,301, and net realized gain distributions of \$3,540,916 and \$7,770,660 for the Class A and Class I, respectively.

⁽⁵⁾ Distributions for the year ended September 30, 2017 were previously classified as net investment income distributions of \$148,559 and \$857,199 for the Class A and Class I, respectively.

⁽⁶⁾ Includes accumulated undistributed net investment income/(loss) of \$1,861,196, \$(8,850), \$807,425, and \$(43,815) for KSCVF, KSDVF, KSMVF, and KMDVF, respectively.

The accompanying notes are an integral part of these financial statements.

KEELEY Funds, Inc.
STATEMENTS OF CHANGES IN NET ASSETS (Continued)

Small Cap Dividend Value Fund		Small-Mid Cap Value Fund		Mid Cap Dividend Value Fund	
Year Ended September 30, 2018	Year Ended September 30, 2017	Year Ended September 30, 2018	Year Ended September 30, 2017	Year Ended September 30, 2018	Year Ended September 30, 2017
\$ 1,467,128	\$ 1,605,898	\$ 580,071	\$ 883,506	\$ 1,370,994	\$ 1,022,575
6,406,368	6,780,310	16,732,264	15,469,502	4,035,819	17,273,831
(2,653,649)	9,543,867	(6,609,079)	9,079,331	7,575,426	(2,408,095)
<u>5,219,847</u>	<u>17,930,075</u>	<u>10,703,256</u>	<u>25,432,339</u>	<u>12,982,239</u>	<u>15,888,311</u>
(1,230,545)	(753,210)	(4,090,007)	(3,595,276)	(207,760)	(148,559)
(5,788,376)	(2,573,294)	(9,531,939)	(8,139,961)	(1,147,186)	(857,199)
<u>(7,018,921)</u>	<u>(3,326,504)⁽³⁾</u>	<u>(13,621,946)</u>	<u>(11,735,237)⁽⁴⁾</u>	<u>(1,354,946)</u>	<u>(1,005,758)⁽⁵⁾</u>
2,460,816	1,761,046	3,522,849	4,321,310	15,320,681	5,897,384
—	—	14,280,989	—	—	—
1,175,178	715,052	3,997,008	3,478,365	196,202	135,264
(12,071,371)	(8,191,633)	(20,956,941)	(14,332,263)	(4,885,384)	(10,233,860)
<u>(8,435,377)</u>	<u>(5,715,535)</u>	<u>843,905</u>	<u>(6,532,588)</u>	<u>10,631,499</u>	<u>(4,201,212)</u>
37,043,720	10,828,054	21,564,390	11,796,800	50,023,626	21,864,405
—	—	31,739,282	—	—	—
5,554,355	2,570,318	9,498,323	8,052,991	1,012,073	850,703
(39,982,619)	(24,556,170)	(30,104,096)	(42,136,173)	(34,827,528)	(5,713,503)
<u>2,615,456</u>	<u>(11,157,798)</u>	<u>32,697,899</u>	<u>(22,286,382)</u>	<u>16,208,171</u>	<u>17,001,605</u>
<u>(7,618,995)</u>	<u>(2,269,762)</u>	<u>30,623,114</u>	<u>(15,121,868)</u>	<u>38,466,963</u>	<u>27,682,946</u>
98,160,725	100,430,487	135,086,618	150,208,486	117,634,394	89,951,448
<u>\$ 90,541,730</u>	<u>\$ 98,160,725⁽⁶⁾</u>	<u>\$165,709,732</u>	<u>\$135,086,618⁽⁶⁾</u>	<u>\$156,101,357</u>	<u>\$117,634,394⁽⁶⁾</u>
129,942	96,644	241,844	314,211	655,236	290,070
—	—	975,441	—	—	—
62,998	38,353	285,079	258,588	8,468	6,541
(626,872)	(449,732)	(1,443,551)	(1,036,156)	(209,874)	(509,015)
<u>(433,932)</u>	<u>(314,735)</u>	<u>58,813</u>	<u>(463,357)</u>	<u>453,830</u>	<u>(212,404)</u>
1,916,572	592,904	1,444,289	832,521	2,130,924	1,066,168
—	—	2,120,631	—	—	—
297,044	137,550	662,708	586,856	43,715	40,965
(2,086,032)	(1,359,552)	(2,027,893)	(3,021,205)	(1,493,766)	(275,773)
<u>127,584</u>	<u>(629,098)</u>	<u>2,199,735</u>	<u>(1,601,828)</u>	<u>680,873</u>	<u>831,360</u>

The accompanying notes are an integral part of these financial statements.

KEELEY Small Cap Value Fund FINANCIAL HIGHLIGHTS

	Year Ended September 30,				
	2018	2017	2016	2015	2014
CLASS A ⁽¹⁾					
Net asset value, beginning of period	\$ 34.48	\$ 32.29	\$ 33.63	\$ 36.25	\$ 35.62
Income from investment operations:					
Net investment income/(loss) ⁽²⁾	0.07	0.05	0.12	0.01	(0.02)
Net realized and unrealized gain/(loss) on investments	1.62	3.98	2.93	(2.55)	0.77
Total from investment operations	1.69	4.03	3.05	(2.54)	0.75
Less distributions:					
Net investment income	(0.06)	(0.15)	—	—	(0.12)
Net realized gains	(3.23)	(1.69)	(4.39)	(0.08)	—
Net asset value, end of period	<u>\$ 32.88</u>	<u>\$ 34.48</u>	<u>\$ 32.29</u>	<u>\$ 33.63</u>	<u>\$ 36.25</u>
Total return ⁽³⁾	5.32%	12.65%	10.09%	(7.02)%	2.10%
Supplemental data and ratios:					
Net assets, end of period (in 000's)	\$379,758	\$503,762	\$647,939	\$1,011,544	\$1,552,587
Ratio of expenses to average net assets ⁽⁴⁾	1.40%	1.40%	1.40%	1.36%	1.35%
Ratio of net investment income/(loss) to average net assets	0.22%	0.14%	0.40%	0.04%	(0.06)%
Prior to Reimbursement:					
Ratio of expenses to average net assets ⁽⁴⁾	1.44%	1.43%	1.42%	1.36%	1.35%
Ratio of net investment income/(loss) to average net assets	0.18%	0.11%	0.38%	0.04%	(0.06)%
Portfolio turnover rate	25.41%	28.21%	35.56%	24.70%	42.72%
CLASS I ⁽¹⁾					
Net asset value, beginning of period	\$ 34.94	\$ 32.68	\$ 33.97	\$ 36.61	\$ 35.94
Income from investment operations:					
Net investment income ⁽²⁾	0.16	0.13	0.20	0.11	0.07
Net realized and unrealized gain/(loss) on investments	1.63	4.04	2.97	(2.58)	0.79
Total from investment operations	1.79	4.17	3.17	(2.47)	0.86
Less distributions:					
Net investment income	(0.13)	(0.22)	(0.07)	(0.09)	(0.19)
Net realized gains	(3.23)	(1.69)	(4.39)	(0.08)	—
Net asset value, end of period	<u>\$ 33.37</u>	<u>\$ 34.94</u>	<u>\$ 32.68</u>	<u>\$ 33.97</u>	<u>\$ 36.61</u>
Total return	5.56%	12.95%	10.39%	(6.80)%	2.36%
Supplemental data and ratios:					
Net assets, end of period (in 000's)	\$277,948	\$328,415	\$425,935	\$ 615,835	\$ 971,154
Ratio of expenses to average net assets ⁽⁴⁾	1.15%	1.15%	1.15%	1.11%	1.10%
Ratio of net investment income to average net assets	0.47%	0.39%	0.65%	0.29%	0.19%
Prior to Reimbursement:					
Ratio of expenses to average net assets ⁽⁴⁾	1.19%	1.18%	1.17%	1.11%	1.10%
Ratio of net investment income to average net assets	0.43%	0.36%	0.63%	0.29%	0.19%
Portfolio turnover rate	25.41%	28.21%	35.56%	24.70%	42.72%

⁽¹⁾ Per share data is for a share outstanding throughout the period.

⁽²⁾ Net investment income/(loss) per share has been calculated based on average shares outstanding during the period.

⁽³⁾ The total return calculation does not reflect the sales load imposed on the purchase of shares (see Note 7 of the Notes to the Financial Statements).

⁽⁴⁾ The ratio of expenses to average net assets includes interest expense and deferred compensation expense which was 0.01%, 0.01%, 0.01%, 0.00%, and 0.01% respectively. (see Note 3 of the Notes to the Financial Statements).

The accompanying notes are an integral part of these financial statements.

KEELEY Small Cap Dividend Value Fund
FINANCIAL HIGHLIGHTS

	Year Ended September 30,				
	2018	2017	2016	2015	2014
CLASS A ⁽¹⁾					
Net asset value, beginning of period	\$ 19.27	\$ 16.63	\$ 15.21	\$ 16.79	\$ 16.73
Income from investment operations:					
Net investment income ⁽²⁾	0.26	0.25	0.28	0.24	0.17
Net realized and unrealized gain/(loss) on investments	0.76	2.94	2.11	(0.65)	0.68
Total from investment operations	1.02	3.19	2.39	(0.41)	0.85
Less distributions:					
Net investment income	(0.25)	(0.24)	(0.33)	(0.26)	(0.22)
Net realized gains	(1.13)	(0.31)	(0.64)	(0.91)	(0.57)
Net asset value, end of period	\$ 18.91	\$ 19.27	\$ 16.63	\$ 15.21	\$ 16.79
Total return ⁽³⁾	5.44%	19.30%	16.40%	(2.93)%	4.90%
Supplemental data and ratios:					
Net assets, end of period (in 000's)	\$13,836	\$22,460	\$24,620	\$39,190	\$59,360
Ratio of expenses to average net assets ⁽⁴⁾	1.29%	1.29%	1.30%	1.31%	1.39%
Ratio of net investment income to average net assets	1.34%	1.39%	1.81%	1.41%	0.96%
Prior to Reimbursement:					
Ratio of expenses to average net assets ⁽⁴⁾	1.50%	1.49%	1.49%	1.46%	1.43%
Ratio of net investment income to average net assets	1.13%	1.19%	1.62%	1.26%	0.92%
Portfolio turnover rate	24.27%	22.22%	26.58%	26.59%	38.81%
CLASS I ⁽¹⁾					
Net asset value, beginning of period	\$ 19.30	\$ 16.65	\$ 15.23	\$ 16.81	\$ 16.75
Income from investment operations:					
Net investment income ⁽²⁾	0.31	0.30	0.32	0.28	0.21
Net realized and unrealized gain/(loss) on investments	0.76	2.95	2.11	(0.65)	0.69
Total from investment operations	1.07	3.25	2.43	(0.37)	0.90
Less distributions:					
Net investment income	(0.30)	(0.29)	(0.37)	(0.30)	(0.27)
Net realized gains	(1.13)	(0.31)	(0.64)	(0.91)	(0.57)
Net asset value, end of period	\$ 18.94	\$ 19.30	\$ 16.65	\$ 15.23	\$ 16.81
Total return	5.71%	19.64%	16.68%	(2.68)%	5.17%
Supplemental data and ratios:					
Net assets, end of period (in 000's)	\$76,705	\$75,701	\$75,811	\$86,798	\$92,769
Ratio of expenses to average net assets ⁽⁴⁾	1.04%	1.04%	1.05%	1.06%	1.14%
Ratio of net investment income to average net assets	1.59%	1.64%	2.06%	1.66%	1.21%
Prior to Reimbursement:					
Ratio of expenses to average net assets ⁽⁴⁾	1.25%	1.24%	1.24%	1.21%	1.18%
Ratio of net investment income to average net assets	1.38%	1.44%	1.87%	1.51%	1.17%
Portfolio turnover rate	24.27%	22.22%	26.58%	26.59%	38.81%

⁽¹⁾ Per share data is for a share outstanding throughout the period.

⁽²⁾ Net investment income per share has been calculated based on average shares outstanding during the period.

⁽³⁾ The total return calculation does not reflect the sales load imposed on the purchase of shares (see Note 7 of the Notes to the Financial Statements).

⁽⁴⁾ The ratio of expenses to average net assets includes interest expense and deferred compensation expense which was 0.00%, 0.00%, 0.01%, 0.00%, and 0.00% respectively. (see Note 3 of the Notes to the Financial Statements).

The accompanying notes are an integral part of these financial statements.

KEELEY Small-Mid Cap Value Fund
FINANCIAL HIGHLIGHTS

	Year Ended September 30,				
	2018	2017	2016	2015	2014
CLASS A ⁽¹⁾					
Net asset value, beginning of period	\$ 14.92	\$ 13.48	\$ 12.57	\$ 15.22	\$ 16.21
Income from investment operations:					
Net investment income ⁽²⁾	0.04	0.07	0.02	0.01	0.04
Net realized and unrealized gain/(loss) on investments	1.18	2.52	1.35	(1.05)	0.97
Total from investment operations	1.22	2.59	1.37	(1.04)	1.01
Less distributions:					
Net investment income	(0.08)	(0.02)	(0.02)	(0.03)	(0.02)
Net realized gains	(1.51)	(1.13)	(0.44)	(1.58)	(1.98)
Net asset value, end of period	\$ 14.55	\$ 14.92	\$ 13.48	\$ 12.57	\$ 15.22
Total return ⁽³⁾	8.67%	20.15%	11.28%	(7.42)%	5.88%
Supplemental data and ratios:					
Net assets, end of period (in 000's)	\$ 43,302	\$43,501	\$ 45,570	\$ 86,689	\$110,862
Ratio of expenses to average net assets ⁽⁴⁾	1.39%	1.39%	1.40%	1.39%	1.39%
Ratio of net investment income to average net assets	0.25%	0.47%	0.19%	0.04%	0.23%
Prior to Reimbursement:					
Ratio of expenses to average net assets ⁽⁴⁾	1.47%	1.47%	1.47%	1.43%	1.42%
Ratio of net investment income to average net assets	0.17%	0.39%	0.12%	0.00%	0.20%
Portfolio turnover rate	26.97%	19.79%	36.78%	20.43%	43.10%
CLASS I ⁽¹⁾					
Net asset value, beginning of period	\$ 15.20	\$ 13.72	\$ 12.80	\$ 15.46	\$ 16.43
Income from investment operations:					
Net investment income ⁽²⁾	0.07	0.10	0.06	0.04	0.08
Net realized and unrealized gain/(loss) on investments	1.22	2.56	1.37	(1.06)	0.98
Total from investment operations	1.29	2.66	1.43	(1.02)	1.06
Less distributions:					
Net investment income	(0.10)	(0.05)	(0.07)	(0.06)	(0.05)
Net realized gains	(1.51)	(1.13)	(0.44)	(1.58)	(1.98)
Net asset value, end of period	\$ 14.88	\$ 15.20	\$ 13.72	\$ 12.80	\$ 15.46
Total return	9.00%	20.38%	11.59%	(7.18)%	6.11%
Supplemental data and ratios:					
Net assets, end of period (in 000's)	\$122,408	\$91,586	\$104,638	\$142,888	\$186,039
Ratio of expenses to average net assets ⁽⁴⁾	1.14%	1.14%	1.15%	1.14%	1.14%
Ratio of net investment income to average net assets	0.50%	0.72%	0.44%	0.29%	0.48%
Prior to Reimbursement:					
Ratio of expenses to average net assets ⁽⁴⁾	1.22%	1.22%	1.22%	1.18%	1.17%
Ratio of net investment income to average net assets	0.42%	0.64%	0.37%	0.25%	0.45%
Portfolio turnover rate	26.97%	19.79%	36.78%	20.43%	43.10%

⁽¹⁾ Per share data is for a share outstanding throughout the period.

⁽²⁾ Net investment income per share has been calculated based on average shares outstanding during the period.

⁽³⁾ The total return calculation does not reflect the sales load imposed on the purchase of shares (see Note 7 of the Notes to the Financial Statements).

⁽⁴⁾ The ratio of expenses to average net assets includes interest expense and deferred compensation expense which was 0.00%, 0.00%, 0.01%, 0.00%, and 0.00% respectively (see Note 3 of the Notes to the Financial Statements).

The accompanying notes are an integral part of these financial statements.

KEELEY Mid Cap Dividend Value Fund FINANCIAL HIGHLIGHTS

	Year Ended September 30,				
	2018	2017	2016	2015	2014
CLASS A ⁽¹⁾					
Net asset value, beginning of period	\$ 21.85	\$ 18.88	\$ 17.03	\$ 17.59	\$ 15.55
Income from investment operations:					
Net investment income ⁽²⁾	0.19	0.15	0.19	0.13	0.17
Net realized and unrealized gain/(loss) on investments	2.09	2.97	2.57	(0.17)	2.21
Total from investment operations	<u>2.28</u>	<u>3.12</u>	<u>2.76</u>	<u>(0.04)</u>	<u>2.38</u>
Less distributions:					
Net investment income	(0.19)	(0.15)	(0.16)	(0.14)	(0.19)
Net realized gains	—	—	(0.71)	(0.38)	(0.15)
Return of capital	—	—	(0.04)	—	—
Net asset value, end of period	<u>\$ 23.94</u>	<u>\$ 21.85</u>	<u>\$ 18.88</u>	<u>\$ 17.03</u>	<u>\$ 17.59</u>
Total return ⁽³⁾	10.47%	16.57%	16.90%	(0.33)%	15.37%
Supplemental data and ratios:					
Net assets, end of period (in 000's)	\$ 31,987	\$19,273	\$20,661	\$11,105	\$11,243
Ratio of expenses to average net assets ⁽⁴⁾	1.29%	1.29%	1.29%	1.30%	1.39%
Ratio of net investment income to average net assets	0.84%	0.76%	1.10%	0.70%	0.99%
Prior to Reimbursement:					
Ratio of expenses to average net assets ⁽⁴⁾	1.47%	1.49%	1.52%	1.61%	1.59%
Ratio of net investment income to average net assets	0.66%	0.56%	0.87%	0.39%	0.79%
Portfolio turnover rate	19.26%	42.77%	49.27%	20.33%	13.32%
CLASS I ⁽¹⁾					
Net asset value, beginning of period	\$ 21.84	\$ 18.87	\$ 17.03	\$ 17.59	\$ 15.55
Income from investment operations:					
Net investment income ⁽²⁾	0.25	0.21	0.24	0.18	0.21
Net realized and unrealized gain/(loss) on investments	2.09	2.96	2.56	(0.17)	2.21
Total from investment operations	<u>2.34</u>	<u>3.17</u>	<u>2.80</u>	<u>0.01</u>	<u>2.42</u>
Less distributions:					
Net investment income	(0.24)	(0.20)	(0.21)	(0.19)	(0.23)
Net realized gains	—	—	(0.71)	(0.38)	(0.15)
Return of capital	—	—	(0.04)	—	—
Net asset value, end of period	<u>\$ 23.94</u>	<u>\$ 21.84</u>	<u>\$ 18.87</u>	<u>\$ 17.03</u>	<u>\$ 17.59</u>
Total return	10.78%	16.86%	17.18%	(0.08)%	15.65%
Supplemental data and ratios:					
Net assets, end of period (in 000's)	\$124,114	\$98,361	\$69,290	\$23,977	\$19,511
Ratio of expenses to average net assets ⁽⁴⁾	1.04%	1.04%	1.04%	1.05%	1.14%
Ratio of net investment income to average net assets	1.09%	1.01%	1.35%	0.95%	1.24%
Prior to Reimbursement:					
Ratio of expenses to average net assets ⁽⁴⁾	1.22%	1.24%	1.27%	1.36%	1.34%
Ratio of net investment income to average net assets	0.91%	0.81%	1.12%	0.64%	1.04%
Portfolio turnover rate	19.26%	42.77%	49.27%	20.33%	13.32%

⁽¹⁾ Per share data is for a share outstanding throughout the period.

⁽²⁾ Net investment income per share has been calculated based on average shares outstanding during the period.

⁽³⁾ The total return calculation does not reflect the sales load imposed on the purchase of shares (see Note 7 of the Notes to the Financial Statements).

⁽⁴⁾ The ratio of expenses to average net assets includes interest expense and deferred compensation expense which was 0.00%, 0.00%, 0.00%, 0.00%, and 0.00% respectively. (see Note 3 of the Notes to the Financial Statements).

The accompanying notes are an integral part of these financial statements.

KEELEY Funds, Inc.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

1. ORGANIZATION

KEELEY Funds, Inc. (the "Corporation") was organized on April 7, 2005 as a Maryland corporation and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a diversified, open-ended investment company. As of September 30, 2018, the Corporation consists of four series, KEELEY Small Cap Value Fund ("KSCVF"), KEELEY Small Cap Dividend Value Fund ("KSDVF"), KEELEY Small-Mid Cap Value Fund ("KSMVF"), and KEELEY Mid Cap Dividend Value Fund ("KMDVF") (each, a "Fund," and collectively, the "Funds"), each with two classes of shares: Class A and Class I. As noted in the Funds' prospectus, Class I is an institutional class and does not charge a sales load or a 12b-1 fee to its shareholders. One series of the Corporation, KEELEY All Cap Value Fund was reorganized into KSMVF on July 27, 2018 (See Note 11).

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Corporation in the preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The presentation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

a) Investment Valuation – Securities which are traded on a recognized stock exchange are valued at the last sale price each day on the securities exchange on which such securities are primarily traded or at the last sale price on a national securities exchange. Exchange-traded securities for which there were no transactions are valued at the current bid prices. Securities traded on only over-the-counter markets (1) are valued at the NASDAQ Official Closing Price ("NOCP"), as determined by NASDAQ, or (2) lacking an NOCP, the last current reported sale price as of the time of valuation on NASDAQ, or (3) lacking any current reported sales price as of the time of valuation on NASDAQ, at the mean between the most recent bid and ask quotations. Securities issued by a foreign issuer that are not traded on a securities exchange in the United States or in the over-the-counter market and quoted on the NASDAQ National Market System are valued at the last quoted sale price as of the close of the regular trading hours of the principal exchange or the over-the-counter market on which the security is traded on the day valuation is made. Foreign securities that were not traded on the valuation date are valued at the last reported bid price. Debt securities and other fixed income securities (other than short-term obligations) held by the Funds are valued by an

KEELEY Funds, Inc.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
September 30, 2018

independent pricing service that uses various valuation methodologies such as matrix pricing and other analytical pricing models, as well as market transactions and dealer quotations. Short-term securities with remaining maturities of 61 days or more are valued at current market quotations as provided by an independent pricing service on the day of valuation. Securities maturing in 60 days or less and securities that are not eligible for vendor pricing (including repurchase agreements and demand notes) are valued at “amortized cost” on the day of valuation, which approximates fair value. Investments in open-end registered investment companies that do not trade on an exchange are valued at the end of day NAV per share.

Securities for which quotations are not readily available are valued by the Funds’ investment adviser, Keeley-Teton Advisors, LLC (the “Adviser”), at their respective fair values as determined in good faith pursuant to procedures adopted by the Corporation’s Board of Directors. For each investment that is fair valued, the Adviser takes into consideration, to the extent applicable, various factors, including, but not limited to, the financial condition of the company, comparable companies in the public market, the nature and duration of the cause for a quotation not being readily available and other relevant factors. Securities fair valued by the Adviser are indicated in the Schedules of Investments and are categorized as Level 2 or Level 3 in the fair value hierarchy depending on the observability of the inputs. KSCVF fair valued Media General, Inc. using methods approved by the Corporation’s Board of Directors as of September 30, 2018. No other securities were fair valued by the Funds as of September 30, 2018.

The Funds have performed an analysis of all existing investments to determine the significance and character of all inputs to their fair value determination. Various inputs are used in determining the value of each Fund’s investments. These inputs are summarized in the following three broad categories:

- Level 1 – Quoted unadjusted prices for identical instruments in active markets to which the Funds have access at the date of measurement.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
- Level 3 – Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those

KEELEY Funds, Inc.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
September 30, 2018

inputs that reflect the Funds' own assumptions that market participants would use to price the asset or liability based on the best available information.

Keeley Small Cap Value Fund	Level 1	Level 2	Level 3	Total
Common Stocks*	\$645,371,510	\$ —	\$ 25,553**	\$645,397,063
Short Term Investments	13,273,473	—	—	13,273,473
Total Investments in Securities	<u>\$658,644,983</u>	<u>—</u>	<u>\$ 25,553</u>	<u>\$658,670,536</u>

Keeley Small Cap Dividend Value Fund	Level 1	Level 2	Level 3	Total
Common Stocks*	\$ 87,950,549	\$ —	\$ —	\$ 87,950,549
Short Term Investments	2,622,272	—	—	2,622,272
Total Investments in Securities	<u>\$ 90,572,821</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 90,572,821</u>

Keeley Small-Mid Cap Value Fund	Level 1	Level 2	Level 3	Total
Common Stocks*	\$161,334,657	\$ —	\$ —	\$161,334,657
Short Term Investments	4,470,044	—	—	4,470,044
Total Investments in Securities	<u>\$165,804,701</u>	<u>—</u>	<u>\$ —</u>	<u>\$165,804,701</u>

Keeley Mid Cap Dividend Value Fund	Level 1	Level 2	Level 3	Total
Common Stocks*	\$146,695,372	\$ —	\$ —	\$146,695,372
Short Term Investments	9,329,069	—	—	9,329,069
Total Investments in Securities	<u>\$156,024,441</u>	<u>—</u>	<u>\$ —</u>	<u>\$156,024,441</u>

* See the Schedule of Investments for the investments detailed by industry classification.

** Media General, Inc. – Included in KSCVF's Media industry classification in Schedule of Investments.

Transfers between levels are identified at the end of the reporting period. There were no transfers between Levels 1, 2 and 3 during the year ended September 30, 2018 for the Funds.

At the start and close of the reporting period, Level 3 investments in securities represented 0.00% of KSCVF's net assets and were not considered a significant portion of the Fund's portfolio.

b) Federal Income and Excise Taxes – It is the Funds' policy to meet the requirements of Subtitle A, Chapter 1, Subchapter M of the Internal Revenue Code, as amended, applicable to regulated investment companies and to distribute all investment company net taxable income and net capital gains to shareholders in a manner which results in no tax cost to the Funds. Therefore, no federal income or excise tax provision is required.

There is no tax liability resulting from unrecognized tax benefits relating to uncertain tax positions taken or expected to be taken on the tax return for the fiscal year ended September 30, 2018, or for any other tax years which are open for exam. As of September 30, 2018, open tax years include the tax years

KEELEY Funds, Inc.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
September 30, 2018

ended 2015 through 2018. The Funds also are not aware of any tax position for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. During the period, the Funds did not incur any tax interest or penalties. As of September 30, 2018, no examinations were in progress.

c) Distributions to Shareholders – Dividends from net investment income, if any, will be declared and paid annually for KSCVF and KSMVF. Dividends from net investment income, if any, will be declared and paid quarterly for KSDVF and KMDVF. Distributions of net realized gains, if any, will be declared and paid at least annually for all Funds. Distributions to shareholders are recorded on the ex-dividend date. For 2018, KSCVF and KSMVF utilized earnings and profits distributions to shareholders on redemption of shares as part of the dividends paid deduction for income tax purposes. A Fund may make reclassifications periodically among certain of its capital accounts as a result of the characterization of certain income and realized gains determined annually in accordance with federal tax regulations that may differ from U.S. GAAP. These reclassifications between capital accounts were made for only those differences that are permanent in nature such as net operating losses, non-deductible costs, equalization and dividend reclasses as follows:

Fund	Undistributed Net Investment Income/(Loss)	Accumulated Net Realized Gain/(Loss)	Paid in Capital
KSCVF	\$(234,167)	\$(8,609,446)	\$8,843,613
KSDVF	(44,458)	51,159	(6,701)
KSMVF	15,875	(1,455,150)	1,439,275
KMDVF	26,781	21,387	(48,168)

d) Other – Investment transactions are recorded on trade date for financial reporting purposes. Securities gains and losses, net of foreign taxes withheld, if any, are calculated on the basis of identified cost. Dividend income less foreign tax withheld, if any, is recognized on the ex-dividend date and interest income is recognized on an accrual basis, including amortization/accretion of premiums or discounts using the effective interest method. Non-cash dividends, if any, are recorded at the fair value of the securities received.

Net investment income, other than class specific expenses, and realized and unrealized gains and losses are allocated daily to each class of shares based upon the relative net asset value of outstanding shares of each class of shares at the beginning of the day (after adjusting for the current capital shares activity of the respective class).

Expenses common to all Funds are allocated based upon their relative net assets values or other appropriate allocation methods.

KEELEY Funds, Inc.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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e) **Guarantees and Indemnifications** – In the normal course of business, the Corporation may enter into a contract with service providers that contains general indemnification clauses. The Corporation’s maximum exposure under these arrangements is unknown as this would involve future claims against the Corporation that have not yet occurred. Based on experience, the Corporation expects the risk of loss to be remote.

f) **New Accounting Pronouncements and Rule Issuances**

New Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update 2018-13 “Changes to the Disclosure Requirements for Fair Value Measurement” which modifies disclosure requirements for fair value measurements. The guidance is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years. Management is currently evaluating the impact of this guidance to the Funds.

New Rule Issuances

Disclosure Update and Simplification

In August 2018, the Securities and Exchange Commission issued Final Rule Release No. 33-10532, Disclosure Update and Simplification, which in part amends certain financial statement disclosure requirements of Regulation S-X that have become redundant, duplicative, overlapping, outdated, or superseded, in light of other Commission disclosure requirements, U.S. Generally Accepted Accounting Principles, or changes in the information environment. The amendments are intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. The amendments to Rule 6-04.17 of Regulation S-X (balance sheet) were amended to require presentation of the total, rather than the components of net assets, of distributable earnings on the balance sheet. Consistent with U.S. GAAP, funds will be required to disclose total distributable earnings. The amendments to Rule 6-09 of Regulation S-X (statement of changes in net assets) omit the requirement to separately state the sources of distributions paid as well as omit the requirement to parenthetically state the book basis amount of undistributed net investment income. Instead, consistent with U.S. GAAP, funds will be required to disclose the total amount of distributions paid, except that any tax return of capital must be separately disclosed. The requirements of the Final Rule Release are effective November 5, 2018 and the Funds’ Statement of Assets and Liabilities and the Statement of Changes in Net Assets for the current and prior reporting period have been modified accordingly.

KEELEY Funds, Inc.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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3. INVESTMENT ADVISORY AGREEMENT

The Corporation, on behalf of each Fund, has entered into an investment advisory agreement (collectively, the “Agreement”) with the Adviser, with whom certain officers and directors of the Corporation are affiliated, to furnish investment advisory services to that Fund. Under the terms of the Agreement, KSCVF paid the Adviser a monthly fee at the annual rate of 1.00% of the Fund’s first \$1 billion of average daily net assets, 0.90% for net assets greater than \$1 billion but less than \$4 billion, 0.80% for net assets greater than \$4 billion but less than \$6 billion and 0.70% in excess of \$6 billion of the Fund’s average daily net assets; and KSDVF, KMDVF and KSMVF each paid the Adviser a monthly fee at the annual rate of 1.00% of the Fund’s first \$350 million of average daily net assets, 0.90% for net assets greater than \$350 million but less than \$700 million and 0.80% in excess of \$700 million of the Fund’s average daily net assets.

The Adviser has contractually agreed to waive a portion of its fees and/or reimburse expenses with respect to each Fund until February 28, 2019 (the “Expense Cap Agreement”), such that total expenses, exclusive of taxes, interest charges, dividend expenses incurred on securities that the Fund sells short, litigation expenses, other extraordinary expenses, deferred compensation expense, and brokerage commissions and other charges relating to the purchase and sale of the Fund’s securities will not exceed the following amounts of average daily net assets of the respective Fund:

<u>Fund</u>	<u>Class A</u>	<u>Class I</u>
KSCVF	1.39%	1.14%
KSDVF	1.29%	1.04%
KSMVF	1.39%	1.14%
KMDVF	1.29%	1.04%

Any reimbursements or fee waivers made by the Adviser to a Fund are subject to repayment by the Fund, to the extent that the Fund is able to make the repayment within its Expense Cap Agreement. However, the repayment of previously waived expenses is limited to amounts that do not cause the aggregate operating expenses of the Fund to exceed the current expense cap or the expense cap in place at the time the waiver was generated. The Adviser did not recoup any fees previously waived or reimbursed under the Expense Cap Agreement for the period from October 1, 2017 to September 30, 2018. The table below indicates the amount of fees available for recoupment by the Adviser in future periods:

<u>Fund</u>	<u>Recovery Expiring on:</u>		
	<u>9/30/19</u>	<u>9/30/20</u>	<u>9/30/21</u>
KSCVF	N/A	\$130,866	\$341,037
KSDVF	N/A	115,221	196,530
KSMVF	N/A	50,863	113,365
KMDVF	N/A	118,898	241,278

KEELEY Funds, Inc.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
September 30, 2018

4. DISTRIBUTION AND SHAREHOLDER SERVICING PLANS

The Corporation has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act for the Funds' Class A shares. The Plan is designed to finance or assist in the financing of any activity primarily intended to result in the sale of Class A shares by G.distributors, LLC (the "Distributor"), with whom certain officers and directors of the Corporation are affiliated, and to permit the Corporation to compensate the Distributor and other dealers of its shares. Each Fund paid the Distributor and each dealer a monthly fee at the annual rate of 0.25% of the average daily net assets of Fund shares beneficially owned by the Distributor's and each dealer's existing brokerage clients. The Plan can be continued in effect from year to year if such continuance is approved annually by the Board of Directors of the Corporation, including the vote of a majority of the Independent Directors.

For the period from October 1, 2017 to September 30, 2018, KSCVF – Class A expensed \$1,105,979 in distribution fees, of which \$26,282 was paid to the Distributor; KSDVF – Class A expensed \$43,327 in distribution fees, of which \$292 was paid to the Distributor; KSMVF – Class A expensed \$97,779 in distribution fees, of which \$2,623 was paid to the Distributor; and KMDVF – Class A expensed \$60,267 in distribution fees, of which \$1,081 was paid to the Distributor. The distribution fees paid to the Distributor are unaudited.

The Corporation has adopted a Shareholder Servicing Agreement for all of its Funds and their Classes. The Corporation has retained the Adviser to serve as the shareholder servicing agent for the Funds pursuant to the Shareholder Servicing Agreement. Under the Shareholder Servicing Agreement, the Corporation will pay the Adviser a monthly fee calculated at an annual rate of 0.05% of each Fund's average daily net assets for providing support services to investors who beneficially own shares of a Fund. The Shareholder Servicing Agreement may be continued in effect from year to year if such continuance is approved annually by the Board of Directors of the Corporation, including the vote of a majority of the Independent Directors. For the period from October 1, 2017 to September 30, 2018 the Adviser received \$369,972, \$47,378, \$68,205, and \$65,870 from KSCVF, KSDVF, KSMVF, and KMDVF, respectively.

KEELEY Funds, Inc.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
September 30, 2018

5. INVESTMENT TRANSACTIONS

The aggregate cost of purchases and proceeds from sales of securities, excluding short-term investments, for the year ended September 30, 2018 were as follows:

<u>Fund</u>	<u>Investment Securities</u>	
	<u>Purchases</u>	<u>Sales</u>
KSCVF	\$184,513,728	\$389,445,841
KSDVF	21,994,198	31,413,961
KSMVF	36,569,386	58,203,491
KMDVF	45,202,204	24,275,761

The Funds did not engage in any transactions in U.S. Government Securities during the year ended September 30, 2018.

6. FEDERAL INCOME TAX INFORMATION

At September 30, 2018, gross unrealized appreciation and depreciation of investments, based on cost for federal income tax purposes, were as follows:

	<u>KSCVF</u>	<u>KSDVF</u>	<u>KSMVF</u>	<u>KMDVF</u>
Tax Cost of Investments	\$455,271,112	\$65,760,326	\$119,732,402	\$133,680,738
Gross Unrealized Appreciation	\$217,137,023	\$26,812,737	\$ 50,982,409	\$ 26,387,588
Gross Unrealized Depreciation	(13,737,599)	(2,000,242)	(4,910,110)	(4,043,885)
Net Unrealized Appreciation/ (Depreciation) on Investments	<u>\$203,399,424</u>	<u>\$24,812,495</u>	<u>\$ 46,072,299</u>	<u>\$ 22,343,703</u>

The difference between cost amounts for financial statement and federal income tax purposes is due primarily to timing differences resulting from wash sale transactions during the year.

At September 30, 2018 the Funds did not defer, on a tax basis, any Post-October capital losses or late year ordinary losses. At September 30, 2018, the Funds did not have accumulated capital loss carryforwards for federal income tax purposes.

To the extent that a Fund may realize future net capital gains, those gains will be offset by any of their unused respective capital loss carryforwards. Under the Regulated Investment Company Modernization Act of 2010, capital losses incurred during fiscal years after 2010 are carried forward indefinitely and retain the character of the original loss. In addition, such losses must be utilized prior to the losses incurred in the years preceding enactment.

KEELEY Funds, Inc.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
September 30, 2018

The tax character of distributions paid during the fiscal years ended September 30, 2018 and 2017 were as follows:

Fund	Ordinary Income		Long-term Capital Gains		Return of Capital	
	2018	2017	2018	2017	2018	2017
KSCVF	\$2,048,893	\$5,662,429	\$73,407,370	\$51,100,164	\$ —	\$ —
KSDVF	\$1,435,636	\$1,542,417	\$ 5,583,285	\$ 1,784,087	\$ —	\$ —
KSMVF	\$3,293,144	\$ 632,879	\$10,328,802	\$11,102,358	\$ —	\$ —
KMDVF	\$1,354,946	\$1,005,758	\$ —	\$ —	\$ —	\$ —

As of September 30, 2018, the components of accumulated earnings on a tax basis were as follows:

	KSCVF	KSDVF	KSMVF	KMDVF
Accumulated Capital and Other Gains/ (Losses)	\$ (78,612)	\$ (4,821)	\$ (15,119)	\$ (986)
Undistributed Ordinary Income	2,030,752	493,619	441,447	538,284
Undistributed Long-Term Gain	47,722,910	5,660,799	14,021,507	3,605,366
Unrealized Appreciation/ (Depreciation) on Investments	\$203,399,424	\$24,812,495	\$46,072,299	\$22,343,703
Total Accumulated Gains/ (Losses)	<u>\$253,074,474</u>	<u>\$30,962,092</u>	<u>\$60,520,134</u>	<u>\$26,486,367</u>

7. OFFERING PRICE PER SHARE

The public offering price for Class A shares is the net asset value plus a sales charge, which varies in accordance with the amount of the purchase up to a maximum of 4.50%. The public offering price for Class I shares is the net asset value.

The Distributor retains the entire sales charge when it makes sales directly to the public. Otherwise, when sales are made through dealers, the Distributor receives a portion of the related sales charge. For the year ended September 30, 2018, the Distributor earned \$8,749, \$3,318, \$1,415, and \$5,415 (unaudited) of the sales charges on behalf of KSCVF, KSDVF, KSMVF, and KMDVF, respectively.

Sales charges are not an expense of the Funds and are not reflected in the financial statements of the Funds.

8. LINE OF CREDIT ARRANGEMENTS

The Corporation was a party to a \$150 million unsecured umbrella line of credit agreement with U.S. Bank, N.A., that was renewed on February 26, 2017. Under this agreement, the Funds were able to borrow up to the lesser of (a) \$150 million in aggregate or (b) 10% of the net assets of the borrowing Fund. On February 26, 2018, the Corporation renewed this agreement with U.S. Bank, N.A. Under the renewed agreement, the Funds were able to borrow

KEELEY Funds, Inc.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
September 30, 2018

up to the lesser of (a) \$110 million in aggregate or (b) 10% of the net assets of the borrowing Fund. Interest was charged on borrowings at the prevailing Prime Rate. The Funds borrowed under the agreement from time to time to increase the efficiency of cash flow management. For the period from October 1, 2017 to September 30, 2018, KSCVF, KSDVF, KSMVF, and KMDVF had average daily borrowings of \$0, \$0, \$15,734, and \$0 respectively, with an average borrowing rate of 4.35%. For the period from October 1, 2017 to September 30, 2018, KSCVF, KSDVF, KSMVF, and KMDVF had a maximum daily borrowing of \$0, \$0, \$1,371,000, and \$0, respectively. The Funds had no outstanding borrowings at September 30, 2018.

9. OWNERSHIP BY AFFILIATED PARTIES

As of September 30, 2018, affiliates of the Funds beneficially owned shares of the following Funds as set forth below:

	<u>KSCVF</u>	<u>KSDVF</u>	<u>KSMVF</u>	<u>KMDVF</u>
Shares	617,738	1,876,312	2,928,205	1,773,662
Percent of total outstanding shares	3.11%	39.23%	26.15%	27.20%

10. DEFERRED COMPENSATION PLAN

The Corporation has adopted a deferred compensation plan (the "DC Plan"). Under the plan, each Independent Director has the ability to defer receipt of all or a portion of his or her compensation. Deferred amounts remain in the Funds until distributed in accordance with the provisions of the DC Plan. The value of a participating Director's deferral account is based on the theoretical investments of deferred amounts, on the normal payment dates, in all the Funds available from the Corporation as designated by the participating Directors. Changes in the value of participants' deferral accounts are allocated pro rata among all Funds based on average net assets and are included in Directors' fees on the Statement of Operations. The portions of the accrued obligations allocated to the Funds under the DC Plan are included in Payable to Directors on the Statement of Assets and Liabilities.

The Board of Directors of the Corporation terminated the DC Plan effective August 21, 2018. As a result of the termination, there will be no future deferrals to any DC Plan deferral account effective August 21, 2018. All pre-existing deferral account balances, though continuing to fluctuate in amount based upon the performance of the Funds through the final payment date, are to be paid out no later than January 15, 2019.

11. REORGANIZATION

On July 27, 2018, KSMVF Class A and Class I acquired all the net assets of the KEELEY All Cap Value Fund ("KACVF") Class A and Class I, respectively, pursuant to a Plan of Reorganization approved by KSMVF's Board

KEELEY Funds, Inc.
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September 30, 2018

of Directors on May 15, 2018. The purpose of the transaction was to combine two funds managed by the Adviser with comparable investment objectives and strategies. The acquisition was accomplished by a tax-free exchange of 975,441 and 2,120,631 shares of Class A and Class I, respectively, of KSMVF (valued at \$14,280,989 and \$31,739,282 for Class A and Class I, respectively) for all (985,700 and 2,161,174 shares, respectively) of the Class A and I shares outstanding of the KACVF on July 27, 2018. For financial reporting purposes, assets received and shares issued by KSMVF were recorded at fair value; however, the cost basis of the investments received from KACVF was carried forward to align ongoing reporting of KSMVF's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes. KACVF's net assets at that date (\$46,020,271), including \$7,322,233 of unrealized appreciation, were combined with those of KSMVF. The aggregate net assets of KSMVF immediately before the acquisition were \$126,030,609. Because the combined investment portfolios have been managed as a single integrated portfolio since the acquisition was completed, it is not practicable to separate the amounts of revenue and earnings of KACVF that have been included in KSMVF's Statement of Operations since July 27, 2018. All costs associated with the Plan of Reorganization were paid by the Adviser.

Assuming the acquisition had been completed on October 1, 2017, the beginning of the annual reporting period of KSMVF, KSMVF's pro forma results of operations for the year ended September 30, 2018, are as follows:

Net Investment Income	\$ 549,547
Net realized gain on investments	25,832,174
Net increase in net assets resulting from operations	15,329,445

12. SUBSEQUENT EVENTS

INVESTMENT ADVISORY AGREEMENT

Effective October 1, 2018, the Corporation's Agreement with the Adviser was renewed. As a result of the renewal, the following changes, all of which were beneficial to Fund shareholders, were made:

KMDVF Advisory Fee

The monthly fee paid by KMDVF to the Adviser was reduced to 0.90% of KMDVF's first \$350 million of average daily net assets and 0.80% in excess of \$700 million of KMDVF's average daily net assets.

Expense Cap Agreement

The Adviser extended the termination date of the Expense Cap Agreement with respect to each Fund until February 28, 2020. In addition to the extension, effective October 1, 2018, the Adviser has agreed to waive a portion of its fees

KEELEY Funds, Inc.
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and/or reimburse expenses with respect to KMDVF, such that total expenses, exclusive of taxes, interest charges, dividend expenses incurred on securities that the Fund sells short, litigation expenses, other extraordinary expenses, deferred compensation expense, and brokerage commissions and other charges relating to the purchase and sale of the Fund's securities will not exceed the following amounts of average daily net assets of KMDVF:

<u>Fund</u>	<u>Class A</u>	<u>Class I</u>
KMDVF	1.20%	0.95%

SERVICE PROVIDER CHANGES

Effective October 1, 2018, Gabelli Funds, LLC ("Gabelli Funds"), an affiliate of the Adviser and Distributor, replaced U.S. Bancorp Fund Services, LLC as the administrator and accountant to the Funds, and State Street Bank and Trust Company ("State Street") replaced U.S. Bank, N.A. as the Funds' custodian.

Effective October 8, 2018, DST Asset Manager Solutions, Inc. replaced U.S. Bancorp Fund Services, LLC as the transfer agent and dividend disbursing agent to the Funds.

LINE OF CREDIT ARRANGEMENT

The Corporation's existing \$110 million line of credit with U.S. Bank, N.A. was terminated effective September 30, 2018 as a result of State Street becoming the Funds' custodian. Effective October 1, 2018, the Corporation became a party to a \$75 million uncommitted, unsecured umbrella line of credit agreement with State Street. This line of credit is shared with other affiliated funds in the fund complex. Under the agreement, the Funds may borrow up to 10% of the net assets of the borrowing Fund, provided that the overall borrowings of all funds in the fund complex do not exceed the \$75 million limit. The Funds may borrow under the agreement from time to time to increase the efficiency of cash flow management.

Report of Independent Registered Public Accounting Firm

To the Board of Directors of KEELEY Funds, Inc. and Shareholders of KEELEY Small Cap Value Fund, KEELEY Small Cap Dividend Value Fund, KEELEY Small-Mid Cap Value Fund and KEELEY Mid Cap Dividend Value Fund

Opinions on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of KEELEY Small Cap Value Fund, KEELEY Small Cap Dividend Value Fund, KEELEY Small-Mid Cap Value Fund and KEELEY Mid Cap Dividend Value Fund (constituting KEELEY Funds, Inc., hereinafter collectively referred to as the "Funds") as of September 30, 2018, the related statements of operations for the year ended September 30, 2018, the statements of changes in net assets for each of the two years in the period ended September 30, 2018, including the related notes, and the financial highlights for each of the five years in the period ended September 30, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of September 30, 2018, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period ended September 30, 2018 and each of the financial highlights for each of the five years in the period ended September 30, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of September 30, 2018 by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinions.

/s/ PricewaterhouseCoopers LLP

Chicago, Illinois
November 21, 2018

We have served as the auditor of one or more investment companies in KEELEY Funds, Inc. since 1994.

APPROVAL OF INVESTMENT ADVISORY AGREEMENT

Keeley Small Cap Value Fund Keeley Small Cap Dividend Value Fund Keeley Small-Mid Cap Value Fund Keeley Mid Cap Dividend Value Fund

Board Consideration and Re-Approval of Investment Advisory Agreement

In determining whether to approve the continuance of the Investment Advisory Agreement (the “Agreement”), the Board, including a majority of the Directors who have no direct or indirect interest in the Agreement and are not “interested persons” of the Funds, as defined in the 1940 Act (the “Independent Board Members”), considered the below information at a meeting on August 21, 2018.

1) *The nature, extent, and quality of services provided by the Adviser.*

The Board reviewed in detail the nature and extent of the services provided by the Adviser under the Agreement and the quality of those services over the past year. The Board noted that these services included managing the investment program of the Funds, including the purchase and sale of portfolio securities, as well as the provision of general corporate services. The Board considered that the Adviser also provided, at its expense, office facilities for use by the Funds and supervisory personnel responsible for supervising the performance of administrative, accounting and related services including, for each Fund, monitoring to assure compliance with stated investment policies and restrictions under the 1940 Act and related securities regulations. The Board noted that, in addition to managing the investment program for the Funds, the Adviser provided certain non-advisory and compliance services, including services under the Funds’ Rule 38a-1 compliance program.

The Board also considered that the Adviser paid for all compensation of officers and Board Members of the Funds who are affiliated with the Adviser and that the Adviser further provided services to shareholders of the Funds who had invested through various programs offered by third party financial intermediaries. The Board evaluated these factors based on its direct experience with the Adviser and in consultation with Fund counsel.

The Board reviewed the personnel responsible for providing services to the Funds and concluded, based on their experience and interaction with the Adviser, that (i) the Adviser is able to retain quality personnel, (ii) the Adviser and its agents exhibited a high level of diligence and attention to detail in carrying out its advisory responsibilities under the Agreement, (iii) the Adviser was responsive to requests of the Board, (iv) the scope and depth of the Adviser’s resources were adequate, and (v) the Adviser had kept the Board apprised of developments relating to each Fund and the industry in general. The Board also focused on the Adviser’s reputation and relationship with the Funds. The Board also believed that the Adviser had devoted substantial resources and made substantial commitments to address new regulatory compliance requirements applicable to the Funds.

2) *The performance of the Funds and the Adviser.*

The Board reviewed the investment performance of each Fund, on an absolute basis, as compared with Broadridge peer groups of other SEC registered funds,

and against each Fund's broad based securities market benchmarks as reflected in each Fund's prospectus and annual report. The Board also considered rankings and ratings of the Funds issued by Broadridge over the short, intermediate, and long term. The Board considered each Fund's one, three, five, and ten year (where applicable) average annual total return for the applicable periods. The peer groups considered by the Board were developed by Broadridge and were comprised of funds within the same Broadridge peer group category (the "Performance Peer Group"). Each Fund's performance against the Performance Peer Group was considered by the Board as providing an objective comparative benchmark against which each Fund's performance could be assessed. In general, the Board considered these comparisons helpful in their assessment as to whether the Adviser was obtaining for the Funds' shareholders the total return performance that was available in the marketplace, given each Fund's investment objectives, strategies, limitations, and restrictions. In reviewing the Funds' performance, the Board noted that the Mid Cap Dividend Value Fund, on a total return basis, outperformed the relevant index for the one, three, and five year periods. The Small Cap Dividend Value Fund, on a total return basis, underperformed the relevant index for the one, and ten year periods, and outperformed the benchmark for the three year period. The Small Cap Value Fund, on a total return basis, underperformed the relevant index for the one, three, five and ten year periods. The Small-Mid Cap Value Fund, on a total return basis, underperformed the relevant index for the one, three, five and ten year periods.

In connection with its assessment of the performance of the Adviser, the Board considered the Adviser's financial condition and whether it had the resources necessary to continue to carry out its responsibilities under the Agreement. The Board concluded that the Adviser had the financial resources necessary to continue to perform its obligations under the Agreement and to continue to provide the high quality services that it has provided to the Funds to date.

3) The cost of the advisory services and the profits to the Adviser and its affiliates from the relationship with the Funds.

In connection with the Board's consideration of the cost of the advisory services and the profits to the Adviser and its affiliates from their relationships with the Funds, the Board considered a number of factors. First, the Board compared the level of the advisory fee for each Fund against comparative Broadridge expense peer groups ("Expense Peer Group"). The Board also considered comparative non-advisory fee expenses and comparative total fund expenses of the Funds and each Expense Peer Group. The Board considered this information as useful in assessing whether the Adviser was providing services at a cost that was competitive with other similar funds. In assessing this information, the Board considered both the comparative contract rates as well as the level of the advisory fees after waivers and/or reimbursements. The Board noted that each of the Funds operated pursuant to an expense limitation agreement with the Adviser, wherein the Adviser had agreed to waive a portion of its fee or reimburse a Fund for a portion of its expenses necessary to limit the Fund's total operating expenses to the level set forth in the respective Fund's prospectus.

The Board also considered the estimated profitability to the Adviser of its relationship with the Funds and reviewed with the Adviser its cost allocation

methodology in connection with its profitability. The Board considered one analysis for the Adviser as a whole, and a second analysis for the Adviser with respect to each of the Funds. The Board concluded that the profitability of the Funds to the Adviser under either analysis was not excessive.

4) The extent to which economies of scale will be realized as the Funds grow and whether fee levels reflect those economies of scale.

With respect to the Board's consideration of economies of scale, the Board discussed whether economies of scale would be realized by the Funds at higher asset levels. The Board also reviewed data from the Expense Peer Groups to assess whether the Expense Peer Group funds had advisory fee breakpoints and, if so, at what asset levels. The Board also assessed whether certain of the Adviser's costs would increase if asset levels rise. The Board concluded that under foreseeable conditions, they were unable to assess at this time whether economies of scale would be realized if the Funds were to experience significant asset growth. In the event there was to be significant asset growth in the Funds, the Board determined to reassess whether the advisory fee appropriately took into account any economies of scale that had been realized as a result of that growth.

5) Other Factors.

In addition to the above factors, the Board also discussed other benefits received by the Adviser from its management of the Funds. The Board considered that the Adviser does use soft dollars in connection with its management of the Funds.

Based on a consideration of all these factors in their totality, the Board members, including all of the Independent Board Members, determined that each Fund's advisory fee was fair and reasonable with respect to the quality of services provided and in light of the other factors described above that the Board deemed relevant. Accordingly, the Board members determined to approve the continuation of the Agreement for each Fund. The Board based its decision on evaluations of all these factors as a whole and did not consider any one factor as all-important or controlling.

KEELEY Funds Directors and Officers

Independent Directors*

Name and Year of Birth	Position(s) Held with each Fund	Term of Office ⁽⁴⁾ and Length of Time Served	Principal Occupation(s) During at Least the Past Five Years	Number of Portfolios Overseen Within Fund Complex	Other Directorships Held Outside Fund Complex
Laura D. Alter 1960	Director	Since 2014	Retired since 2010; previously, Managing Director and, Senior Partner of Fixed Income, Harris Investments (1994-2010); Fund Manager for Harris Insight family of funds (1994-2010)	4	None
Anthony S. Colavita ⁽¹⁾ 1961	Director	Since 2017	Attorney, Anthony S. Colavita, P.C. (1988-present).	22	None
James P. Conn 1938	Director	Since 2017	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings, Ltd. (1992-1998)	26	None
Jerome J. Klingenberger 1955	Director	Since 1999	Executive Vice President and Chief Financial Officer (since 2006) of Grayhill, Inc. (human interface solutions)	4	None
Sean Lowry 1953	Director	Since 1999	Retired since 2015; formerly, Executive Vice President, Pacor Mortgage Corp. (1992-2015)	4	None
Michael J. Melarkey 1949	Director	Since 2017	Of Counsel in the law firm of McDonald Carano Wilson LLP; previously partner in the law firm of Avansino, Melarkey, Knobel, Mulligan & McKenzie (1980-2015)	25	Southwest Gas Corporation (natural gas utility)
Kuni Nakamura 1968	Director	Since 2017	President (since 1990) of Advanced Polymer, Inc. (chemical manufacturing company); President of KEN Enterprises, Inc. (real estate)	36	None

KEELEY Funds Directors and Officers (Continued)

Interested Directors and Officers

Name and Year of Birth	Position(s) Held with each Fund	Term of Office ⁽⁴⁾ and Length of Time Served	Principal Occupation(s) During at Least the Past Five Years	Number of Portfolios Overseen Within Fund Complex	Other Directorships Held Outside Fund Complex
Nicholas F. Galluccio ⁽²⁾ 1950	Co-Chairman and Director	Co-Chairman and Director since 2017	President and Chief Executive Officer of Teton Advisors, Inc. (since 2008); Group Managing Director U.S. Equities (2004-2008), Managing Director U.S. Equities (1994-2004), Senior Vice President (1990-1994) and Vice President (1982-1990) of Trust Company of the West (TCW).	4	Board of Regents of the University of Hartford; Executive Advisory Board of the Columbia Business School Program for Financial Studies
Kevin M. Keeley ⁽³⁾ 1967	Co-Chairman, Director and President	Co-Chairman and Director since 2017; President since 2015	Executive Chairman of Keeley-Teton Advisors, LLC (since 2017); President (2015-2017) and Executive Vice President (2010-2015) of Joley Corp.; President (2015-2017) and Executive Vice President (2010-2015) of Keeley Holdings, Inc.; President of Keeley Asset Management Corp. (2015-2017); Senior Vice President of Keeley Asset Management Corp. and Keeley Investment Corp. (2010-2015).	4	Director, Keeley Family Foundation

KEELEY Funds Directors and Officers (Continued)

Officers

Name and Year of Birth	Position(s) Held with each Fund	Term of Office ⁽⁴⁾ and Length of Time Served	Principal Occupation(s) During the Past Five Years
Kevin M. Chin 1965	Vice President	Since 2015	Chief Investment Officer and Portfolio Manager of Keeley-Teton Advisors, LLC (since 2017); Chief Investment Officer of Keeley Asset Management Corp. (2015-2017); Senior Vice President, Portfolio Manager of Keeley Asset Management Corp. (2013-2017); previously, Senior Vice President, Portfolio Manager of Cramer Rosenthal McGlynn (1989-2012).
Robert M. Kurinsky 1972	Treasurer, Secretary and Chief Legal Officer	Treasurer since 2007; Secretary since 2006; Chief Legal Officer since 2008	President and Chief Operating Officer of Keeley-Teton Advisors, LLC (since 2017); Treasurer and Secretary of Joley Corp.; Treasurer and Secretary of Keeley Holdings, Inc.; Secretary, Treasurer, Chief Financial Officer and General Counsel of Keeley Asset Management Corp.; Secretary, Treasurer, Chief Financial Officer and General Counsel of Keeley Investment Corp.
Deanna B. Marotz 1965	Chief Compliance Officer	Since 2015	Chief Compliance Officer of Keeley-Teton Advisors, LLC and Teton Advisors, Inc. (since 2017); Chief Compliance Officer of Keeley Asset Management Corp. (2015-2017); Chief Compliance Officer of Invesco PowerShares Capital Management LLC (2008-2015).
David M. Goldman 1973	Assistant Secretary	Since 2017	Secretary of Keeley-Teton Advisors, LLC (since 2017); Vice President, Corporate Development and General Counsel of Gabelli Funds, LLC (since 2011); Chief Compliance Officer and General Counsel of Teton Advisors, Inc. (2011-2017).

* The business address of the Directors and officers listed above is the address of the Company: 111 West Jackson Boulevard, Suite 810, Chicago, Illinois 60604.

- (1) Mr. Colavita's father, Anthony J. Colavita, serves as a director of several funds which are part of the Fund Complex.
- (2) Nicholas Galluccio is considered an interested person of the Company because of his position as President and Chief Executive Officer of Teton.
- (3) Kevin M, Keeley is considered an interested person of the Company because of his position as Executive Chairman of Keeley-Teton.
- (4) Each Director serves an indefinite term until the election of a successor. Each officer serves an indefinite term, renewed annually, until the election of a successor.

The Corporation's Statement of Additional Information ("SAI") includes additional information about the Corporations Directors. The SAI is available, without charge, upon request by calling toll-free 1-800-422-2274.

KEELEY Funds, Inc.
TAX NOTICE (Unaudited)

Pursuant to IRC Section 852(b)(3) of the Internal Revenue Code, the Funds hereby designate the following amounts as long-term capital gains distributed during the year ended September 30, 2018, or if subsequently determined to be different, the net capital gain of such year:

<u>Fund</u>	<u>Distributions of Long-Term Capital Gains</u>
KSCVF	\$82,090,789
KSDVF	5,583,285
KSMVF	11,769,009

These amounts may include earnings and profits distributed to shareholders on the redemption of shares as part of the dividends paid deduction.

The percentages of dividend income distributed for the year ended September 30, 2018, which is designated as qualified dividend income under the Jobs and Growth Tax Relief Reconciliation Act of 2003, are 100%, 98%, 58%, and 100% for KSCVF, KSDVF, KSMVF, and KMDVF, respectively. Of the dividends, 100%, 94%, 55%, and 100% paid by KSCVF, KSDVF, KSMVF, and KMDVF, respectively, qualify for the corporate dividends received deduction.

PRIVACY STATEMENT

Protecting your personal information is an important priority for us. The Funds' privacy policy is designed to support this objective. We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or on other forms; correspondence or conversations, such as your name, address, social security number, assets, income and date of birth.
- Information about your transactions with us, our affiliates or others, such as your account numbers and balances, transaction history, parties to transactions, cost basis information and other financial information.

The Funds restrict access to your nonpublic information by maintaining physical, electronic and procedural safeguards.

The Funds do not disclose any nonpublic information about their current or former consumers or customers to nonaffiliated third parties, except as permitted by law.

G. distributors, LLC is the Distributor and Keeley-Teton Advisors, LLC is the Investment Adviser for the Keeley Funds. We may share your nonpublic information with affiliates who require such information to provide products or services to you. You may request that we not share your nonpublic information with our affiliates for use by them in marketing products or services to you by calling us toll-free at 1-800-422-2274. We will honor your choice until you tell us otherwise. If you have a joint account, your instruction will be applied to all account holders on that account.

Proxy Voting Policies and Procedure

You may obtain a description of KEELEY Funds' proxy voting policies and procedures that the Funds use to determine how to vote proxies related to portfolio securities, without charge, upon request by calling 888-933-5391. This information also is included in KEELEY Funds' statement of additional information ("SAI"), which is available on the Funds' website at www.keeleyfunds.com and the Securities and Exchange Commission's website at www.sec.gov.

Information relating to how each KEELEY Fund voted proxies relating to portfolio securities held during the 12-month period ended June 30, 2018 is available on the Funds' website at www.keeleyfunds.com and the Securities and Exchange Commission's website at www.sec.gov.

Information About Portfolio Securities

The Corporation filed a complete schedule of portfolio holdings with the Securities and Exchange Commission for the quarters ending December 31, 2017 and June 30, 2018 (the first and third quarters of the Funds' fiscal year) on Form N-Q. The Corporation's Forms N-Q are available on the Securities and Exchange Commission's website at www.sec.gov.

Household Delivery of Shareholder Documents

To reduce expenses, the Funds may mail only one copy of the Funds' prospectus, SAI and each annual and semi-annual report to those addresses shared by two or more accounts. If you wish to receive individual copies of these documents, please call the Funds at 800-422-2274 or contact your financial institution. You will begin receiving individual copies thirty days after receiving your request.

Electronic Delivery of Shareholder Documents

You may choose to receive the KEELEY Funds' prospectus and annual and semi-annual reports electronically. To sign up for electronic delivery, visit www.icsdelivery.com and select the first letter of your brokerage firm's name. Then, select your brokerage institution from the list that follows, fill out the appropriate information and provide an e-mail address where you would like your information sent. If your brokerage firm is not listed, electronic delivery may not be available. Please contact your brokerage firm or financial adviser.

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Investment Adviser



KEELEY
Teton Advisors

KEELEY-TETON ADVISORS, LLC
Chicago, Illinois

Distributor
G. DISTRIBUTORS, LLC
Rye, New York
800-422-2274

Custodian
State Street Bank and Trust Company
Boston, Massachusetts

Transfer Agent and Dividend Disbursing Agent
DST Asset Manager Solutions, Inc.
Quincy, Massachusetts

Independent Registered Public Accounting Firm
PRICEWATERHOUSECOOPERS LLP
Chicago, Illinois

Counsel
Paul Hastings LLP
New York, New York

Performance information quoted represents past performance and does not guarantee future results. The investment return and principal value of shares will fluctuate so that an investor's shares, when redeemed, may be worth more or less than its original cost. This material may only be used when preceded or accompanied by each Fund's prospectus.

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KEELEY
Funds

www.keeleyfunds.com

