

## Fund Commentary – 4th Quarter 2011

*The performance reflected herein is for the Class A shares without load.*

*“Without load” does not reflect the deduction of the maximum 4.50% sales fee (load), which reduces the performance quoted.*

*Past performance does not guarantee future results.*

*The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current to most recent month-end performance data may be obtained at [www.KeeleyFunds.com](http://www.KeeleyFunds.com).*

This summary represents the views of the portfolio managers as of 12/31/11. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities.

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In the fourth calendar quarter of 2011 the KEELEY Mid Cap Value Fund (KMCVX) rose 13.36 percent compared to a 13.37 percent incline for the Russell Mid Cap Value Index. For the full year 2011, the portfolio fell 3.49 percent compared to a 1.38 percent decline for the Russell Mid Cap Value Index. Despite a year that ended with the S&P 500 Index relatively flat, volatility was extremely high, and the equity markets faced a number of unprecedented events that shook investor confidence. During the periods of severe volatility, investors flocked toward safety, and predictably, the best performing sectors in the Russell Mid Cap Value Index were defensive areas such as utilities, health care, and consumer staples, which all produced positive returns in 2011. During the year, the Mid Cap Value Fund was impacted by an overweight position in the industrials sector and an underweight position in the consumer staples and utilities sectors, which increased 12.96 percent and 20.20 percent, respectively, in 2011.

Although an overweight position in the cyclical areas of the economy had a negative impact on the portfolio over the course of the year, that same exposure accounted for a significant portion of the portfolio's strong absolute returns during the fourth quarter. Many of our positions in the materials sector rebounded from a difficult third quarter, and displayed the return potential many are capable of if the economic landscape improves. W.R. Grace & Co. (GRA) was the portfolio's fourth best position in the fourth quarter, rising over 37 percent and adding 60 basis points of return to the fund. The specialty chemicals maker posted third quarter earnings that rose 48 percent. We ended 2011 with overweight positions in the consumer discretionary, energy, industrials, and materials sectors. We are optimistic that the recent improvement in the economy will allow investors to focus more on the strong underlying fundamentals of many of our companies. Consequently, we continue to favor more cyclical names, and we expect progress in the economy to specifically benefit those positions.

Despite optimism for the cyclical areas of the economy, we did take advantage of volatility during the past year to add to more attractive positions and exit holdings that are fundamentally weaker. One example is Ingersoll-Rand (IR). The diversified industrial firm declined over 41 percent for the portfolio during 2011, and we decided to exit the position and allocate the dollars to more attractive opportunities.

In general, we remain cautious with respect to stocks in the financial sector, but we are also aware that valuations are compelling and the sentiment around this sector is extremely negative. We believe the area presents many opportunities and after several years of being deliberately underweight, we are in the process of increasing our weight, and ended the year with over 25 percent exposure to financials. In 2011, stock selection within the financial sector proved to be difficult with many of our companies facing challenges due to various macroeconomic headwinds. Discover Financial Services (DFS) was a bright spot during the year, rising over 29 percent and adding 50 basis points of performance to the portfolio. The credit card company saw earnings rise after considerable improvement in the credit quality of their portfolio in 2011.

Macroeconomic fears abroad and also concerns that the U.S. was entering another recession contained price appreciation in a number of our stocks where the fundamentals improved markedly in 2011. Fortunately, the U.S. economy and especially the U.S. consumer has remained impressively resilient through a challenging employment and housing landscape, and corporate earnings ended the year at record levels. Due to fundamental progress of numerous companies over the past few years, many corporate balance sheets are flush with cash. Consequently, we expected more Merger and Acquisition (M&A) activity in 2011 as we view this as a less risky method for companies to expand their businesses. As business leaders regain confidence in the economy, we view M&A as a natural growth strategy and anticipate an acceleration in M&A activity involving our companies in 2012 and beyond.

Activity in our primary investment theme, corporate spin-offs, materialized nicely in 2011 after below average years in 2009 and 2010. We participated in a number of recent spin-offs over the past six months, and expect the momentum to continue in 2012. Many of the recently announced spin-offs anticipated for 2012 are from large—or mid-cap companies, which should provide some unique opportunities in the mid-cap space for our portfolio. Also, improvement in both the political and economic landscapes in the near future coupled with continued expansion in our universe of investment ideas enhances our enthusiasm for the coming year. Thank you for your support of the Mid Cap Value Fund.

## AVERAGE ANNUAL TOTAL RETURNS (as of 12/31/2011)

	<b>KMCVX No Load</b>	<b>KMCVX Load</b>	<b>Russell Mid Cap Value Index</b>
1 Year	-3.49%	-7.82%	-1.38%
5 Year	-3.67%	-4.55%	0.04%
Since Inception*	-0.50%	-1.22%	3.37%
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Expense Ratio (Unsubsidized)	1.59%		
Expense Ratio (Subsidized**)	1.39%		

Stocks of smaller cap companies tend to be more volatile and less liquid than those of large cap companies.

Performance attribution is commonly used to measure the quality of the separate decisions that go into the management of an investment portfolio compared to a benchmark index. This analysis tries to isolate the effect and measure the return contribution of market allocation, which analyzes the positive/negative impact of a portfolio's allocation to groupings such as geographic regions or market sectors, and stock selection, which analyzes the positive/negative impact of the portfolio manager's security ownership and weighting decisions within a wider grouping. The performance attribution data in this quarterly commentary was prepared by Keeley Asset Management Corp. ("KAMCO") using the following constraints: (1) Fund portfolio holdings are as of the beginning of each day; index constituents are as of the end of the day. That means that the Fund's holdings are not included until the day after acquisition (when it is included in the portfolio as of the beginning of the next business day), and a portfolio holding that is sold is included in the analysis through the end of the day on which it is sold, and that the values at which securities are included in the analysis are the values as of the beginning of the day. For the index, securities are included at their values at the end of the day. (2) The securities values used in the analysis are the prices used by KAMCO in its internal records for the Fund and the prices used by the index provider for the benchmark index. If a price from either of those sources is unavailable, pricing information from FactSet is used. Pricing information from the index provider or from FactSet may differ from the pricing information used by KAMCO. (3) For the purpose of assigning portfolio security holdings to a particular sector and/or industry, KAMCO assigns the securities in accordance with the sector and industry classifications of the Global Industry Classification Standard (GICS) developed by MSCI and Standard and Poor's (to the extent available) as a primary source and FactSet (to the extent available) as a secondary source for this information. In the event KAMCO securities information vendors do not classify a security's issuer to a particular sector or industry or if the published classification appears to be incorrect, KAMCO may classify the security's issuer according to its own judgment, using other securities information vendors, the company description and other publicly available information about the company's peer group. Sector and/or industry classifications may change over time. The attribution information provided in this commentary includes summaries of attribution by market sector. Attribution is not precise and should be considered to be an approximation of the relative contribution of each of the sectors considered. The information on performance by sector reflects the aggregated gross return of the Fund's securities. Contributions to the Fund's performance by sector (computed as described above) were compared against the contributions to the aggregate return of the stocks comprising the index, by sector, as reported by FactSet Databases.

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Data provided for performance attribution are estimates based on unaudited portfolio results. Performance contributors and detractors were not realized gains or losses for the Fund during the quarter. The S&P 500 Index is designed to act as a barometer for the overall U.S. stock market. The index is unmanaged, consisting of 500 stocks that are chosen on the basis of market size, liquidity, and industry grouping. The S&P 500 is a market value weighted index with each stock's weight in the index proportionate to its market value. The Russell Mid Cap Value Index is an unmanaged index that measures the performance of those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth rates. The Index figures do not reflect any deduction for fees, expenses or taxes, and are not available for direct investment. Securities in the Fund may not match those in the indexes and performance of the Fund will differ. The KEELEY All Cap Value Fund, KEELEY Mid Cap Value Fund, KEELEY Small-Mid Cap Value Fund, KEELEY Small Cap Value Fund, KEELEY Small Cap Dividend Value Fund, KEELEY Mid Cap Dividend Value Fund, and KEELEY Alternative Value Fund are distributed by Keeley Investment Corp.

The top ten holdings of KMCVX as of December 31, 2011 include Wisconsin Energy Corp. (2.39%), OGE Energy Corp. (2.36%), PetSmart, Inc. (2.33%), Arthur J. Gallagher & Co. (2.25%), American Water Works Co., Inc. (2.23%), Wyndham Worldwide Corp. (2.22%), CIT Group, Inc. (2.19%), Iron Mountain, Inc. (2.16%), W.R. Berkley Corp. (2.15%) and Dollar Tree, Inc. (2.13%).

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*\*The Fund's Inception date is August 15, 2005.*

*\*\*The Fund's Adviser, Keeley Asset Management Corp., has contractually agreed to waive a portion of its fee or reimburse the Fund to the extent that total operating expenses during the current fiscal year exceed 1.39%. The waiver for the Mid Cap Value Fund is in effect through January 31, 2012.*

*Investors should consider carefully before investing in the Fund's investment objective, risks and charges and expenses. To obtain an additional prospectus, which contains that information and other information about the Fund, please call us at 800.533.5344 or visit [www.keeleyfunds.com](http://www.keeleyfunds.com). Please read the prospectus carefully before you invest or send money.*