

## 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 Small Cap Dividend Value Fund (KSDVX) increased 15.55 percent compared to a 15.97 percent increase for the Russell 2000 Value Index. For the full year 2011, the portfolio rose 3.45 percent compared to a 5.50 percent decline for the Russell 2000 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 periods of high volatility, investors flocked toward safety, and predictably, the best performing sectors in the Russell 2000 Value Index were defensive areas such as utilities, health care, and consumer staples. The Small Cap Dividend Value Fund had a strong year in both absolute and relative terms in 2011. Strong stock selection, which was positive in 9 of 10 economic sectors, attributed for almost all of the fund's outperformance during the year, driven especially by strong performing stocks in the financials, technology and consumer staples sectors. Additionally, the Fund's focus on dividends will often cause the portfolio to have a natural bias toward some of the defensive sectors that pay dividends—such as utilities, which was the best performing sector in the Russell 2000 Value Index in 2011.

Although strong stock selection was evident in a number of sectors during the year, the financial sector was the largest contributor to the fund's results in 2011. American Campus Communities (ACC) proved to be the portfolio's largest contributor in the financial sector in 2011, with the company climbing over 32 percent and adding 48 basis points of return to the fund. The student housing Real Estate Investment Trust (REIT) continues to expand via acquisition and saw strong earnings growth throughout 2011. The company also continues to be shielded from many of the recent economic challenges due to strong university enrollment and leases that are guaranteed by parents and guardians.

Holdings in the consumer staples sector also proved to be strong contributors in 2011. PriceSmart Inc. (PSMT) and B&G Foods (BGS) were the portfolio top contributors during the year rising over 82 percent and 75 percent, respectively. Despite rising input costs late in the year, PriceSmart, a retail warehouse operator in Latin American and the Caribbean, experienced strong revenue growth in 2011 and continues to expand.

Since inception, the dividend paying universe of stocks continues to provide a robust pool of investment ideas with attractive risk/reward characteristics. In a low yield environment the income portion of our portfolio becomes an attractive buffer to the volatility currently present in the equity markets. 67 percent of our positions increased their dividends over the past year, and many of them posted strong earnings and increasing cash balances which allowed them to increase their dividend. Additionally, due to the accumulating cash balances as well as strong earnings from many companies, corporate management teams are strongly considering increasing or initiating a dividend as a means to reward investors and create a more stable long-term shareholder base. Each of these factors should benefit our dividend paying universe of stocks, and we expect investors to continue to search for yield, especially with the Federal Reserve committed to holding interest rates low for the foreseeable future.

Presently, we believe opportunities and risk are relatively well balanced, but probably tilt more positively than negatively. On the positive side, stocks are not expensive and we believe that the economic recovery continues to proceed. Progress is being made on the unemployment landscape and evidence of improvement is seen in housing supply (down), the Purchasing Managers' Index (up), auto sales, retail sales, and other measures. On the negative side, the fiscal problems in the U.S. and Europe have not been resolved and appear likely to be an overhang for the foreseeable future. Also, with oil prices nearing \$100 once again, pressure on the consumer could be forthcoming. Lastly, the ebbs and flows of election year politics and its impact on taxes (specifically capital gains and dividends) could heighten investor anxiety.

In summary, we are cautiously optimistic with respect to the direction of the economy and the stock market, but we are most confident that it is likely to be a wild ride either way. We intend to use this volatility to our advantage by opportunistically trying to add value to the portfolio. Dividend-paying stocks have a very good track record of providing better returns in volatile times and we believe that our process, which focuses on finding better than average companies at better than average periods in their life-cycle and buying them at better than average prices will continue to benefit our shareholders. Thank you for your support of the Small Cap Dividend Value Fund.

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

	<u>KSDVX</u> <u>No Load</u>	<u>KSDVX</u> <u>Load</u>	<b>Russell 2000 Value Index</b>
1 Year	3.45%	-1.18%	-5.50%
Since Inception*	16.85%	14.30%	11.18%
<hr/>			
Expense Ratio (Unsubsidized)	2.15%		
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 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe and includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The 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 KSDVX as of December 31, 2011 include World Fuel Services Corp. (2.27%), Trinity Industries, Inc. (2.04%), Protective Life Corp. (1.76%), Arbitron, Inc. (1.75%), Foot Locker, Inc. (1.64%), Summit Hotel Properties, Inc. (1.58%), El Paso Electric Co. (1.56%), Northwestern Corp. (1.56%), Allele, Inc. (1.56%) and Meadowbrook Insurance Group, Inc. (1.53%).

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*\*The Fund's Inception date is December 1, 2009.*

*\*\*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 Small Cap Dividend 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.*