

Fund Commentary – 3rd Quarter 2012

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

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

Past performance does not guarantee future results.

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

This summary represents the views of the portfolio managers as of 9/30/12. 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.

KEELEY funds

Shareholder Services
888-933-5391
info@KeeleyFunds.com

Distributed by:

Keeley Investment Corp.
Member FINRA/SIPC
312-786-5050
800-533-5344
312-786-5003 fax

In the third calendar quarter of 2012 the KEELEY Mid Cap Value Fund (KMCVX) rose 6.23 percent compared to a 5.80 percent increase for the Russell Mid Cap Value Index. Equity markets continued their momentum from the second quarter and rose sharply. The dominant story during the quarter proved to be the role of central banks, both in the U.S. and in Europe. In order to curtail a worrisome rise in sovereign debt yields in Spain and Italy, the European Central Bank (ECB) announced a bond purchase program to support debt of peripheral governments. Additionally, despite improving economic conditions and a strong equity market, Federal Reserve chairman Ben Bernanke launched another round of easing through the monthly purchase of \$40 billion of mortgage-backed securities in an effort to stimulate activity in the labor markets. These announcements sent risk assets higher, and yields on Spanish debt fell sharply. The strong move in equities lifted all sectors, with all ten economic sectors producing positive results for the quarter. Although our sector allocation benefited returns during the quarter, the majority of our relative outperformance was driven by strong performing names in the financials, industrials, and energy sectors.

The Keeley Mid Cap Value Fund was well-positioned for the current rise in equities. Our portfolio has remained fully-invested, and overweight positions in more economically sensitive areas, such as holdings in the industrials, materials, and consumer discretionary sectors, had a positive impact on our results in the third quarter. Stock selection was also positive, led by holdings in the financial sector. Discover Financial Services (DFS) was the top performer in the sector and was the second largest holding in the Fund as of September 30th. The financial services firm saw steady growth in their core credit card unit, but also experienced growth in newer areas. The company has begun to enter agreements to expand globally, and Discover home loans, which was created to diversify their revenue base and generate growth, saw impressive results early in its launch.

The top performing position in the Mid Cap Value Fund was Rock-Tenn Co. (RKT) which rose over 32 percent and added 48 basis points of return to the portfolio during the third quarter. A leader in consumer packaging and recycling, Rock-Tenn posted strong earnings during the quarter and has realized synergies from their 2011 acquisition of Smurfit-Stone.

Another strong performer during the quarter was McGraw-Hill Companies, Inc. (MHP), which climbed over 21 percent and added 35 basis points of performance to the portfolio. The information services company is preparing for its spin-off by the end of 2012, which will create two divisions, McGraw-Hill Financial and McGraw-Hill Education. Currently, we like the prospects of both companies and believe the spin-off will provide better clarity, more accurate peer group comparisons, and ultimately unlock hidden value.

From a macroeconomic perspective, we have been pleased with the progress in both Europe and the U.S. Although a number of risks remain, the uncertainty surrounding these situations has also provided a significant opportunity. Investors have viewed the current rally with a great deal of skepticism and are generally underinvested in equities. Without all of these negative headlines, we wouldn't have the opportunity to buy stocks in the low price-to-earnings environment that we find ourselves in today. Although we recognize the recent rise in equities has increased valuations, we continue to believe there a number of positive catalysts to push equity markets higher. Clarity in Washington after the elections, a resolution to the fiscal cliff, and continued economic progress can all have a positive impact on equities.

In corporate restructuring, the activity has been robust. A number of larger-cap companies have completed their spin-offs (i.e. Kraft and Sara Lee) and future opportunities look promising. Additionally, we have witnessed a new wave of restructuring where companies are converting to a Real Estate Investment Trust (REIT) in a strategic move that can also attract income seeking investors. Our portfolio (i.e. Iron Mountain) has benefited from this trend and it is yet another example of our process identifying unique opportunities in restructuring. In a slow growth environment companies haven even greater motivation to seek strategic alternatives that could improve efficiency or enhance public market valuations. Thank you for your support of the Mid Cap Value Fund.

AVERAGE ANNUAL TOTAL RETURNS (as of 9/30/2012)

	KMCVX <u>No Load</u>	KMCVX <u>Load</u>	Russell Mid Cap Value Index
1 Year	29.89%	24.08%	29.28%
5 Year	-4.74%	-5.61%	1.73%
Since Inception*	1.47%	-0.82%	4.92%
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Expense Ratio (Unsubsidized)		1.51%	
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 September 30, 2012 include Toll Brothers, Inc (2.26%), Arthur J. Gallagher & Co. (2.22%) Discover Financial Svc (2.22%), W.R. Grace (2.22%), CIT Group (2.20%), Ameriprise Financial (2.19%), Iron Mountain, Inc. (2.14%), Kansas City Southern (2.12%), W.R. Berkley Corp. (2.09%), and Invesco Ltd. (2.07%).

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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, 2013.*

Prior to investing, investors should consider carefully before investing in the Fund's investment objective, risks and charges and expenses. Smaller and medium-sized company stocks are more volatile and less liquid than larger more established company securities.

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. Please read the prospectus carefully before you invest or send money.