

Fund Commentary – 2nd Quarter 2013

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 06/30/13. 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 second calendar quarter of 2013, the KEELEY Small Cap Dividend Value Fund (KSDVX) increased 1.89 percent compared to a 2.47 percent increase for the Russell 2000 Value Index. Despite sluggish economic growth and unnerving comments from the Federal Reserve (Fed), U.S. equity markets continued their climb during the second quarter. After five consecutive years of accommodative monetary policy, it appears that Fed Chairman Ben Bernanke's comments regarding the potential moderation of the Fed's asset purchases had a sharp impact on equity markets. Most indices were down over one percent in June before stabilizing late in the month. Bond markets also reacted to the news with yields rising sharply, sending some fears that higher mortgage rates could put a halt on the critical housing recovery. A number of economic reports were positive such as consumer sentiment and job creation, but the majority of economic data was not strong enough to indicate a sudden pullback in Fed easing. During the second quarter, the Small Cap Dividend Value Fund trailed the Russell 2000 Value Index. Although stock selection was positive, our sector allocation was the primary cause of our relative underperformance, led by an overweight position in the lagging utility sector, as well as underweight positions in the strong performing technology and consumer discretionary sectors. Although we always strive to outpace our benchmark, given a difficult environment for interest rate sensitive investments, we were satisfied with our absolute returns during the quarter. Positive stock selection was able to offset our sector exposures to interest rate sensitive holdings which all faced major headwinds during the quarter.

The industrial sector proved to be the largest detractor from a sector perspective, and stock selection was the primary drag. Specifically, Titan International (TWI) had the largest impact, with the stock falling over 19 percent and costing the fund 29 basis points in performance. Shares of the tire maker fell sharply in June after pre-announcing that earnings will be short of expectations. Speculation that customer tire inventories are high and trends in the industry are deteriorating places a high degree of uncertainty in the short-term. Over the long-term however, shares are cheap on valuation basis, and given their dominant market share and exposure to emerging economies such as Brazil, we expect the shares to increase from current levels.

The best performing position this quarter was Belo Corp. (BLC) which climbed over 41 percent and added 83 basis points of return to the portfolio. Shares of the television operator rose sharply in June after Gannett Inc. (GCI) announced they would acquire the company in an attempt to boost their broadcast portfolio. We liquidated our position shortly after the announcement.

The fund continues to offer an attractive yield at approximately 2.8 percent at the portfolio level. Additionally, 59 percent of our stocks have raised or initiated a dividend over the past year, and the average increase of that dividend was 10 percent.

Going forward we remain fairly cautious. Although the investment backdrop has mostly improved (housing, employment, and the deficit all heading in the right direction), stocks are clearly up a fair amount over the last year. We had four sales during the quarter in the portfolio and each of them illustrate this point to some extent. Two of them were sold for valuation reasons and the other two were sold to strategic buyers at healthy premiums. This doesn't mean we are not finding attractive companies, it simply means the rise in the market has made it more difficult, and we believe a number of elements need to continue in order to make progress from here. For example, the recent strength in economic numbers needs to continue and we probably need the housing market to remain solid despite the rise in mortgage rates. Second, interest rates need to level off. The current interest rate level is not problematic, but if the speed of current rate changes were to continue, this could have a significant impact on the markets. Lastly, it is important that any geopolitical risks remain contained outside of the U.S. Over the last few years, much of the volatility within U.S. markets has come from outside the U.S. The renewed civil unrest in a number of countries as well as the more recent challenges in China are reminders that there are plenty of influences that could lead to market volatility. Based on these factors as well as the market strength over the past year, we continue to focus our fundamental work on stocks that are more attractive on a valuation basis, with an emphasis on “cheap.” We think this bias will still allow us to uncover attractive ideas, but it will also protect the portfolio should we not make the needed progress in the issues mentioned above. Thank you for your support of the Small Cap Dividend Value Fund.

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

***The Fund's adviser has contractually agreed to waive a portion of its management fee or reimburse the Fund if total ordinary operating expenses during the current fiscal year as a percentage of the Fund's average net assets exceed 1.39% for Class A Shares and 1.14% for Class I Shares. The waiver excludes expenses related to taxes, interest charges, dividend expenses incurred on securities that a Fund sells short, litigation and other extraordinary expenses, brokerage commissions and other charges relating to the purchase and sale of portfolio securities. The waiver is in effect through January 31, 2014.*

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. Dividend paying investments may not experience the same price appreciation as non-dividend paying investments. Portfolio companies may choose not to pay a dividend or it may be less than anticipated. In addition to price fluctuations, REITs have risks related to real estate in general, limited financial resources, less frequent trading and volume constraints.

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.

AVERAGE ANNUAL TOTAL RETURNS (as of 06/30/2013)

	<u>KSDVX No Load</u>	<u>KSDVX Load</u>	<u>Russell 2000 Value Index</u>
1 Year	23.17%	17.62%	24.76%
Since Inception*	18.80%	17.29%	15.68%
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Expense Ratio (Unsubsidized)	1.56%		
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 June 30, 2013 include Protective Life Corp. (2.56%), Glacier Bancorp, Inc. (1.98%), Stag Industrial, Inc. (1.87%), Firstmerit Corp. (1.84%), Viewpoint Financial Group, Inc. (1.84%), BancorpSouth, Inc. (1.79%), Columbia Banking System, Inc. (1.79%), Cohu, Inc. (1.74%), Allete, Inc. (1.67%), and Manning & Napier, Inc. (1.63%).