

## Consolidation in the U.S. Homebuilding Sector

The Keeley Gabelli SMID Cap Value Strategy continues to benefit from meaningful cross-border and strategic consolidation in the U.S. homebuilding sector, with two portfolio holdings acquired at premium valuations over the past year.

Most recently, Sumitomo Forestry agreed to acquire portfolio holding Tri Pointe Homes (TPH) for \$47 per share in an all-cash transaction valued at approximately \$4.5 billion. The deal expands Sumitomo's U.S. footprint and advances its goal of delivering 23,000 homes annually by 2030. The takeout multiple of approximately 1.3x book value represents a premium to SMID-cap peers, which are currently trading closer to 1.0x book value. Notably, this marks the second acquisition of a SMID cap U.S. homebuilder by a large Japanese builder in less than two years, following Sekisui House's acquisition of M.D.C. Holdings in April 2024.

In May 2025, The New Home Company, a privately held homebuilder, agreed to acquire portfolio holding Landsea Homes (LSEA) for \$11.30 per share in an all-cash transaction, further consolidating the SMID cap public builder landscape and reinforcing the trend of scale-driven M&A in growth markets across the Sun Belt and West Coast.

Taken together, these transactions underscore several key themes:

- Softer conditions in housing are driving consolidation to try to regain the scale companies had when volumes were higher.
- International capital targeting U.S. homebuilding platforms.
- A lower dollar invites international homebuilders to enter or build up US operations.
- Increasing strategic importance of scale and geographic diversification.
- Public builders trading near book value becoming potential acquisition candidates.

With Japan's domestic housing market expected to contract, we may continue to see outbound M&A from well-capitalized Japanese builders seeking growth in the U.S. homebuilding market.

[Keeley Gabelli SMID Cap Value Fund](#) intends to pursue its investment objective by investing in equity securities of companies with small or mid-sized market capitalizations.

*Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. The prospectus, which contains more complete information about this and other matters, should be read carefully before investing.*

To obtain a prospectus, please call 800 GABELLI or visit [www.gabelli.com](http://www.gabelli.com), or email [info@gabelli.com](mailto:info@gabelli.com).

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