

4TH QUARTER 2009

# HEARTLAND VALUE FUND

December 31, 2009

## PORTFOLIO MANAGEMENT TEAM

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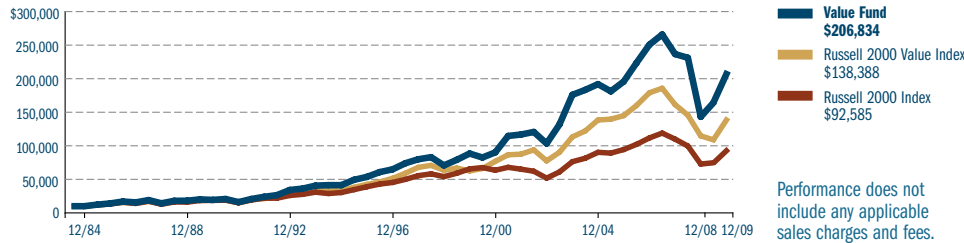


*"We believe value investing is the most intelligent way to build your net worth."*

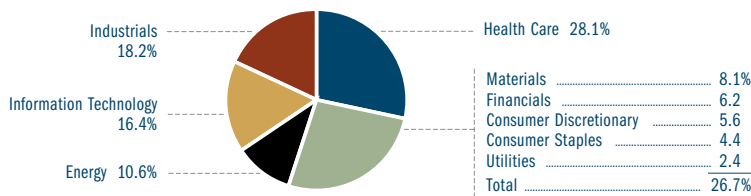
### Seeks long-term capital appreciation by investing in small companies

#### GROWTH OF A HYPOTHETICAL \$10,000 INVESTMENT

(Investor Class, Since Inception: December 28, 1984)

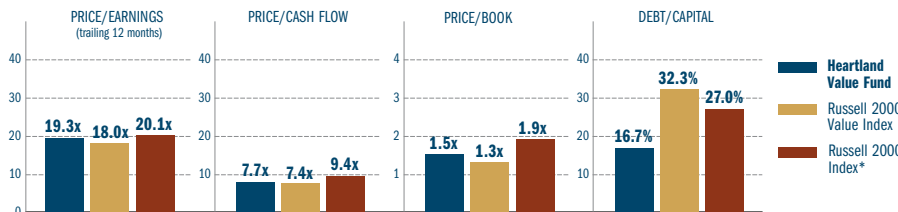


#### SECTOR ALLOCATION



Sector classifications are generally determined by referencing the Global Industry Classification Standard (GICS) Codes developed by Standard & Poor's and Morgan Stanley Capital International. Sector allocations are a percent of equity investments and subject to change.

#### WEIGHTED MEDIAN VALUATION ANALYSIS



#### AVERAGE ANNUAL TOTAL NET RETURNS AS OF DECEMBER 31, 2009

	Inception Date	Since Inception	Twenty Years	Ten Years	Five Years	Three Years	One Year	Quarter-To-Date**
Heartland Investor Class	12-28-84	12.88%	12.57%	8.87%	1.51%	-6.19%	44.49%	4.03%
Heartland Institutional Class	05-01-08	12.90	12.60	8.92	1.61	-6.04	44.86	4.06
Russell 2000 Value Index	—	11.04	10.34	8.27	-0.01	-8.22	20.58	3.63
Russell 2000 Index	—	9.28	8.34	3.51	0.51	-6.07	27.17	3.87

Index Source: FactSet Research Systems, Inc.

\*\*Not Annualized

As of 5/1/09, the gross expense ratios for the Investor and Institutional Classes are 1.20% and 1.06%, respectively. The Advisor has voluntarily agreed to waive fees and/or reimburse expenses with respect to the Institutional Class, to the extent necessary to maintain the Institutional Class' "Net Annual Operating Expenses" at a ratio of 0.99% of average daily net assets. This voluntary waiver/reimbursement may be discontinued at any time. Without such waivers and/or reimbursements, total returns may have been lower.

Past performance does not guarantee future results. Performance information for the Institutional Class prior to 5/1/08 is based on the performance of the Investor Class. Performance represents past performance; current returns may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. All returns reflect reinvested dividends and capital gains distributions, but do not reflect the deduction of taxes that an investor would pay on distributions or redemptions. To obtain performance through the most recent month end, call 800-432-7856, or visit [www.heartlandfunds.com](http://www.heartlandfunds.com). Subject to certain exceptions, shares of a Fund redeemed or exchanged within 10 days of purchase are subject to a 2% redemption fee. Performance does not reflect this fee, which if deducted would reduce an individual's return.

\*The statistics reported for the Russell 2000 Index excludes the impact of Theravance Inc., a constituent of the Index at 12/31/09.

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#### HEARTLAND VALUE FUND

	Investor Class	Institutional Class
Ticker	HRTVX	HNTVX
CUSIP	422359109	422352831
NAV	\$36.18	\$36.36
Initial Investment	\$1,000	500,000
Subsequent Investment	100	100
IRA Initial Investment	500	500,000

#### PORTFOLIO STATISTICS

Number of Holdings*	157
Net Assets	\$1,225 mil.
Median Market Cap	147 mil.
Weighted Average Market Cap	702 mil.

\*Excludes cash equivalents and options.

#### CAPITALIZATION BREAKDOWN (% of equity investments)

Large-Cap Companies (> \$10 bil.)	0.0%
Mid-Cap Companies (\$2 – \$10 bil.)	8.8
Small-Cap Companies (\$300 mil. – \$2 bil.)	46.5
Micro-Cap Companies (< \$300 mil.)	44.7

The above breakdown does not include short-term investments.

#### TOP HOLDINGS – % OF NET ASSETS

InterDigital, Inc.	3.8%
Gammon Gold Inc.	3.2
Analogic Corp.	3.0
BioScrip, Inc.	2.4
Companhia de Saneamento Basico do	2.2
Force Protection, Inc.	2.1
Accuray, Inc.	1.8
Encore Capital Group, Inc.	1.8
Unit Corp.	1.7
Sherritt International Corp.	1.5

The portfolio holdings are as of 12/31/09 and are subject to change. For a complete list of the Fund's portfolio securities visit [www.heartlandfunds.com](http://www.heartlandfunds.com).



HEARTLAND FUNDS  
AMERICA'S VALUE INVESTOR®

**INVESTMENT STRATEGY/DISTINGUISHING CHARACTERISTIC**

The small and micro-cap segment of the stock market is robust with thousands of publicly traded issues, many of which lack traditional Wall Street research coverage. Thus, we believe this market is often inefficient, mispricing businesses and offering opportunities for fundamental research-minded investors such as Heartland. The Fund utilizes our disciplined and time-tested 10 Principles of Value Investing™ framework to identify companies with the potential for appreciation and a potential margin of safety to limit downside risk.

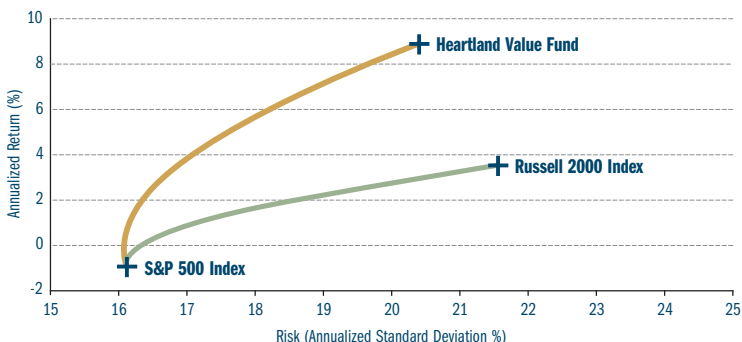
**HEARTLAND'S 10 PRINCIPLES OF VALUE INVESTING™**

1. Catalyst for Recognition
2. Low Price in Relation to Earnings
3. Low Price in Relation to Cash Flow
4. Low Price in Relation to Book Value
5. Financial Soundness
6. Positive Earnings Dynamics
7. Sound Business Strategy
8. Capable Management and Insider Ownership
9. Value of the Company
10. Positive Technical Analysis

**TEN-YEAR EFFICIENT FRONTIER**

(Investor Class, as of December 31, 2009)

This chart illustrates the Fund's historical performance against two benchmarks, demonstrating how active management can contribute additional returns to a portfolio.

**FIVE YEAR RISK STATISTICS**

Fund vs.	Russell 2000 Value	Russell 2000	Sharpe Ratio
Annual Alpha (%)	1.85	1.27	
Beta	0.88	0.95	
R-Squared	0.76	0.85	
		Value Fund	-0.06
		Russell 2000 Value	-0.13
		Russell 2000	-0.11

Source: FactSet Research Systems, Inc.

**An investor should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information can be found in the Fund's prospectus. To obtain a prospectus, please call 1-800-432-7856 or visit [www.heartlandfunds.com](http://www.heartlandfunds.com). Please read the prospectus carefully before investing.**

**DEFINITIONS**

When calculating these measurements for the Fund, we have substituted the Fund's benchmark index as the "market return."

**Price/Earnings Ratio** of a stock is calculated by dividing the current price of the stock by its trailing 12 months' earnings per share.

**Price/Cash Flow Ratio** represents the amount an investor is willing to pay for a dollar generated from a particular company's operations. It shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

**Price/Book Value Ratio** is calculated by dividing the market price of its stock by the company's per-share book value.

**Debt Capitalization Ratio** represents the portfolio's long-term debt as a proportion of the capital available in the form of long-term debt, preferred stock and common stockholder's equity.

**Alpha** is an annual measure of a portfolio's return in excess of the market return, both adjusted for risk. It is a measure of the manager's contribution to performance due to security selection. A positive annual Alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative annual Alpha indicates the portfolio did worse than the market.

**Beta** is a measure of the sensitivity of a portfolio's rates of return against those of the market. A Beta less than 1.00 indicates volatility less than that of the market.

**R-Squared** is a measure that indicates the extent to which fluctuations in portfolio returns are correlated with those of the general market. An R-Squared of 0.75 indicates that 75% of the fluctuation in a portfolio's return is explained by the fluctuation of the market.

**Risk (Standard Deviation)** is a measure of volatility of returns and is computed as the square root of the average squared deviation of the returns from the mean value of the return.

**Sharpe Ratio** is the average return, less the risk-free return, divided by the standard deviation of return. The ratio measures the relationship of reward to risk in an investment strategy.

**Russell 2000 Index** includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations.

**Russell 2000 Value Index** measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

**S&P 500 Index** is an index of 500 U.S. stocks chosen for market size, liquidity and industry group representation and is a widely used U.S. equity benchmark.

All indices mentioned are unmanaged. It is not possible to invest directly in an index.

**INVESTMENT CONSIDERATIONS**

The Value Fund invests primarily in small companies selected on a value basis. Such securities generally are more volatile and less liquid than those of larger companies and there is risk that the broad market may not recognize the intrinsic value of such securities.

