

# SHAREHOLDER CONFERENCE CALL: VALUE PLUS FUND

February 18, 2009



Michael Petroff

Paul Beste



**HEARTLAND FUNDS**  
AMERICA'S VALUE INVESTOR®

789 N. Water St.  
Milwaukee, WI 53202  
414-347-7777 • 800-347-3404  
[www.heartlandfunds.com](http://www.heartlandfunds.com)

Michael Petroff and Paul Beste are Registered Representatives of ALPS Distributors, Inc.

This presentation must be preceded or accompanied by a prospectus. 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 an additional prospectus, please call 800.432.7856 or visit [www.heartlandfunds.com](http://www.heartlandfunds.com). Please read the prospectus carefully before investing. Distributed by ALPS Distributors, Inc. All information is as of the most recent quarter-end unless otherwise noted.



## Presentation Disclosures

The Value Plus Fund seeks long-term capital appreciation and modest current income. It primarily invests in a limited number of stocks of smaller companies, with market capitalizations between \$250 million and \$4 billion. The Fund generally invests in companies that pay dividends.

The Value Plus Fund has and will continue to emphasize small company stocks that Heartland believes have the financial strength to pay dividends to stockholders. Our focus on value investing in small stocks will not be compromised.

The Value Plus Fund invests in small companies that generally are less liquid than large companies. The Fund also invests in a smaller number of stocks (generally 30 to 60) than the average mutual fund. The performance of these holdings generally will increase the volatility of the Fund's returns. Value-based investments are subject to the risk that the broad market may not recognize their intrinsic values.

Effective May 1, 2008 current shares issued by the Funds were reclassified as "Investor Class Shares" and the Funds made "Institutional Class Shares" available to investors.

The Advisor has voluntarily agreed to waive fees and/or reimburse certain expenses with respect to the Institutional Class Shares of the Fund, to the extent necessary to maintain the Institutional Class Shares' Total Annual Fund Operating Expenses at a ratio of 0.99% of average daily net assets. This voluntary waiver/reimbursement may be discontinued at any time.

*As of 5/1/08, the gross expense ratio for the Heartland Value Plus Fund Investor Class Shares is 1.21%. The performance of the Heartland Value Plus Fund reflects the deduction of fees for value-added services associated with a mutual fund, such as investment management, fund accounting, and distribution and service fees. The performance shown reflects the reinvestment of all dividend and capital gains distributions. More current information may be available in a more recent Semiannual or Annual Report.*

**Past performance is no guarantee of future results and there can be no assurance that historical patterns will continue, and if they did, how long they will continue.**

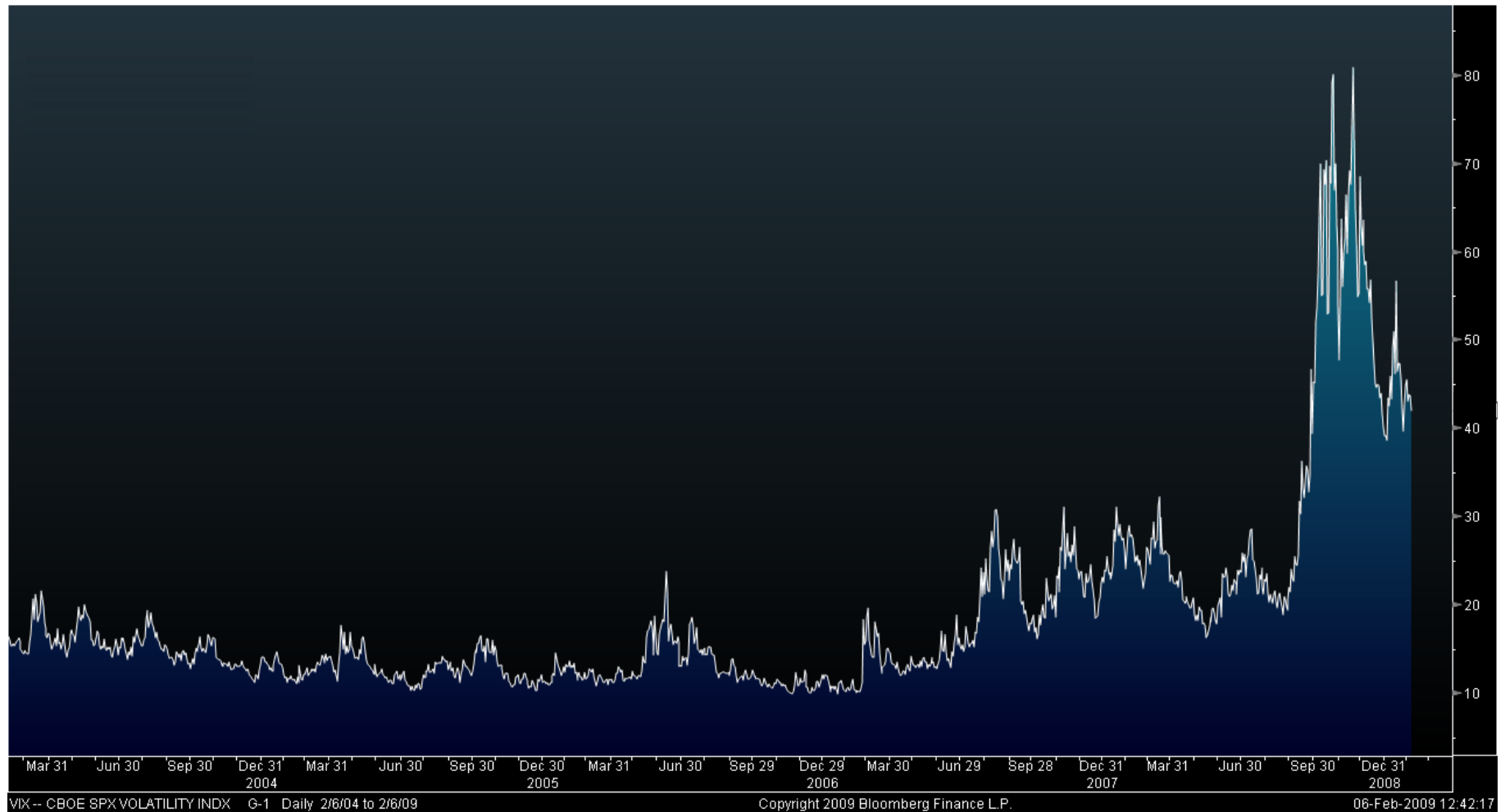
Definitions: **Price/Book Ratio** of a stock is calculated by dividing the market price of its stock by the company's per-share book value. For the portfolio and indices the price/book ratio is presented as a weighted median. **Price/Cash Flow Ratio** represents the amount an investor is willing to pay 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/Earnings Ratio** of a stock is calculated by dividing the current price of the stock by its earnings per share. Earnings before interest, tax, depreciation and amortization (EBITDA) may also be used as the denominator.

The information presented represents the views of the presenter(s) when made and are subject to change without notice.



## 2008 – The Year of Volatility

### CBOE VIX Index – Fear & Uncertainty Indicator



CBOE VIX Index: The Chicago Board Options Exchange SPX Volatility Index reflects a market estimate of future volatility, based on a weighted average of the implied volatilities for a wide range of strikes. 1<sup>st</sup> and 2<sup>nd</sup> month expirations are used until 8 days from expiration, then the 2<sup>nd</sup> and 3<sup>rd</sup> are used. All indices are unmanaged. It is not possible to invest directly in an index.



## Why Focus on Small-Cap Stocks that Pay Dividends

- The focus on dividends is intended to lower the volatility of returns as well as limit downside risk

### Three Years Ended 12/31/08

	<u>Beta</u>
Russell 2000 Value Index - Dividend Payers	0.90
Russell 2000 Value Index - Non-Dividend Payers	1.14
Russell 2000 Value Index	1.00

**Past performance does not guarantee future results.**

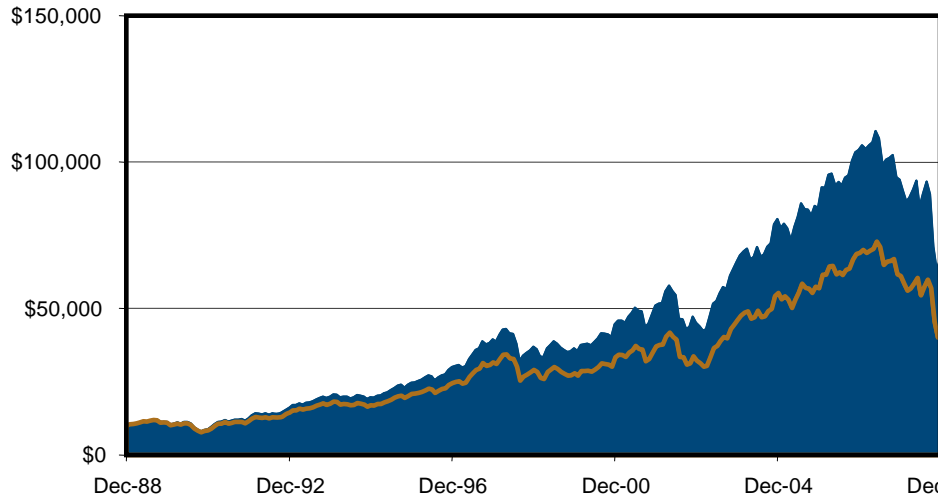
**Beta is a measure of the sensitivity of a portfolio's rates of return against those of the market. A Beta less than 1.00 indicates volatility less than that of the market.**



## Impact of Dividends on Small-Cap Return

- Since 1926, 40% of the stock market's return is attributable to the reinvestment of dividends \*

Hypothetical Growth of \$10,000 Chart – Cumulative Returns  
20 Years: December 31, 1988 to December 31, 2008



**Russell 2000 Value Index  
TOTAL RETURN  
(Including Dividends)  
\$66,775**

**Russell 2000 Value Index  
PRICE ONLY RETURN  
(Excluding Dividends)  
\$42,372**

	<u>Average Annual Total Returns</u>			
	<u>20-Yr</u>	<u>10-Yr</u>	<u>5-Yr</u>	<u>1-Yr</u>
<b>Russell 2000 Value Index TOTAL RETURN (Including Dividends) \$66,775</b>	<b>9.96%</b>	<b>6.11%</b>	<b>0.27%</b>	<b>-28.92%</b>
<b>Russell 2000 Value Index PRICE ONLY RETURN (Excluding Dividends) \$42,372</b>	<b>7.49</b>	<b>3.88</b>	<b>-1.66</b>	<b>-30.61</b>
<b>The Dividend Difference</b>	<b>2.47%</b>	<b>2.23%</b>	<b>1.93%</b>	<b>1.69%</b>

**Russell 2000 Value Index** measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. All indices are unmanaged. It is not possible to invest directly in an index.

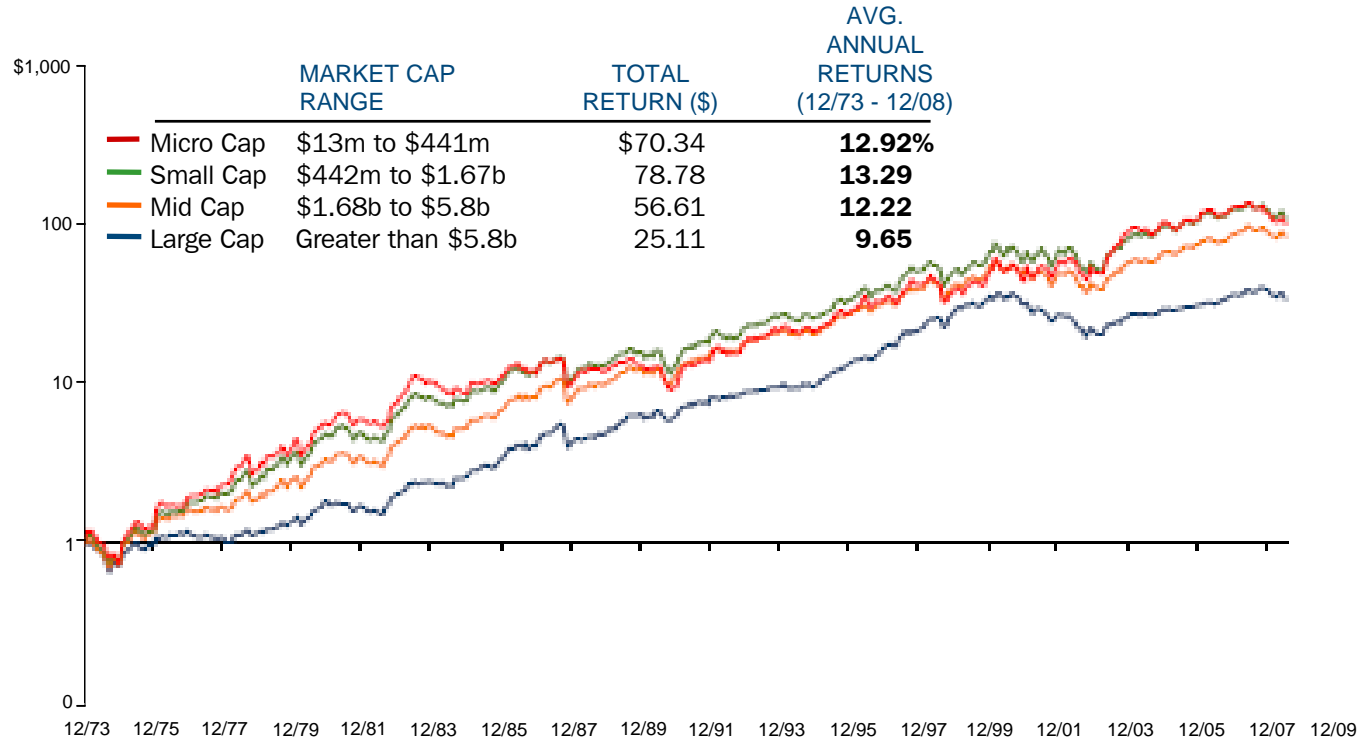
**Past performance does not guarantee future results. Current performance may differ due to market volatility. This graph is for illustrative purposes only and does not represent the performance of any investment product.**

\* Source: Standard and Poors.com, 12/1926 through 3/31/08.



## Small-Cap Stocks have Historically Provided Superior Returns

Total Returns For Every \$1 Invested (12/31/73 – 12/31/08)



Source of historical returns: CRSP®, Center for Research in Security Prices. Graduate School of Business, The University of Chicago. The performance has been calculated by Merrill Lynch Small Cap Research. Source: CRSP; Russell Investment Group; Merrill Lynch Small Cap Research.

**Past performance does not guarantee future results. Current performance may differ due to market volatility.**

This graph is for illustrative purposes only and does not represent the performance of any investment product. The capitalization categories are unmanaged. The micro cap category represents all U.S. common stocks with a market capitalization range from \$13 million to \$441 million. The small cap category represents all U.S. common stocks with a market capitalization range from \$442 million to \$1.67 billion. The mid cap category represents all U.S. common stocks with a market capitalization range from \$1.68 billion to \$5.8 billion. The large cap category represents all U.S. common stocks with a market capitalization greater than \$5.8 billion. The capitalization categories are defined by CFSP® and may differ from those used by Heartland.



## Investment Tenets for Today's Market

- Identify stocks trading at a discount to historical and peer group levels
- Select stock with a catalyst for appreciation
- Target stocks that have a safety net to limit downside risk
- Focus on management teams that are aligned with shareholders
- Demand transparency and accountability



Identify stocks with catalyst to avoid "value traps"

Target stocks that have safety nets limiting downside risk

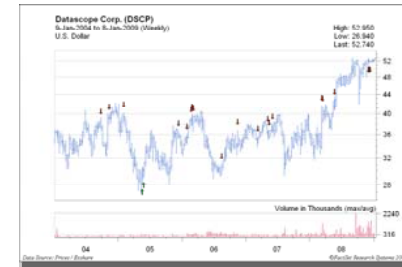
Focus on management teams that are executing on a clearly defined business strategy and interests are aligned with shareholders

Identify stocks that trade at discount to peer group. Negative sentiment is discounted in stock price, providing additional downside protection

**THE HEARTLAND 10 PRINCIPLES OF VALUE INVESTING**

**Security:** Datascope Corp.  
**Location:** Montvale, NJ  
**Ticker:** DSCP  
**Phone:** 201-391-8100  
**Contact:** Hank Scaramelli  
**Date:** 8/2/07  
**Analyst:** Brad Evans

**Desc.:** Cardiovascular Devices  
**Web:** www.datascope.com  
**# Shares:** 15.307m  
**Mkt. Cap:** 464.108m  
**Broker:**  
**Industry:** Health Care Equipment & Supplies



<b>1. Catalyst</b>	<ul style="list-style-type: none"> <li>Operating leverage – 2006-2007 has been significant R&amp;D and Sales Marketing investment period.</li> <li>Significant new products coming to market - should accelerate growth and provide margin expansion.</li> <li>Sell side is negative.</li> <li>Takeout.</li> </ul>	<b>Yes</b>																											
<b>2. Low P/E Ratio</b>	<table border="0"> <tr> <td>Earnings:</td> <td><b>2007</b></td> <td>\$1.57 A</td> <td><b>2008</b></td> <td>\$1.72 E</td> <td><b>2009</b></td> <td>\$1.95 E</td> <td style="text-align: right;"><b>Yes</b></td> </tr> <tr> <td>P/E:</td> <td></td> <td>19.31x</td> <td></td> <td>17.63x</td> <td></td> <td>15.55x</td> <td></td> </tr> </table> <p>2007 EPS adjusted for numerous 1 x items.</p>	Earnings:	<b>2007</b>	\$1.57 A	<b>2008</b>	\$1.72 E	<b>2009</b>	\$1.95 E	<b>Yes</b>	P/E:		19.31x		17.63x		15.55x													
Earnings:	<b>2007</b>	\$1.57 A	<b>2008</b>	\$1.72 E	<b>2009</b>	\$1.95 E	<b>Yes</b>																						
P/E:		19.31x		17.63x		15.55x																							
<b>3. Low Price/Cash Flow Ratio</b>	<table border="0"> <tr> <td>Cash Flow:</td> <td><b>2007</b></td> <td>\$2.84 A</td> <td><b>2008</b></td> <td>\$3.20 E</td> <td><b>2009</b></td> <td>\$3.35 E</td> <td style="text-align: right;"><b>No</b></td> </tr> <tr> <td>P/CF Ratio:</td> <td></td> <td>10.68x</td> <td></td> <td>9.47x</td> <td></td> <td>9.05x</td> <td></td> </tr> <tr> <td>Free Cash Flow:</td> <td></td> <td>\$2.16 A</td> <td></td> <td>\$2.38 E</td> <td></td> <td>\$2.45 E</td> <td></td> </tr> </table>	Cash Flow:	<b>2007</b>	\$2.84 A	<b>2008</b>	\$3.20 E	<b>2009</b>	\$3.35 E	<b>No</b>	P/CF Ratio:		10.68x		9.47x		9.05x		Free Cash Flow:		\$2.16 A		\$2.38 E		\$2.45 E					
Cash Flow:	<b>2007</b>	\$2.84 A	<b>2008</b>	\$3.20 E	<b>2009</b>	\$3.35 E	<b>No</b>																						
P/CF Ratio:		10.68x		9.47x		9.05x																							
Free Cash Flow:		\$2.16 A		\$2.38 E		\$2.45 E																							
<b>4. Low Price/Book Value</b>	<table border="0"> <tr> <td>Book Value:</td> <td><b>2007</b></td> <td>\$19.15 A</td> <td><b>2008</b></td> <td>\$20.47 E</td> <td><b>2009</b></td> <td>\$21.74 E</td> <td style="text-align: right;"><b>Yes</b></td> </tr> <tr> <td></td> <td></td> <td>\$17.44 A</td> <td></td> <td>\$18.76 E</td> <td></td> <td>\$20.06 E</td> <td></td> </tr> </table>	Book Value:	<b>2007</b>	\$19.15 A	<b>2008</b>	\$20.47 E	<b>2009</b>	\$21.74 E	<b>Yes</b>			\$17.44 A		\$18.76 E		\$20.06 E													
Book Value:	<b>2007</b>	\$19.15 A	<b>2008</b>	\$20.47 E	<b>2009</b>	\$21.74 E	<b>Yes</b>																						
		\$17.44 A		\$18.76 E		\$20.06 E																							
<b>5. Financial Soundness</b>	<p>Debt: 0%    NNWC: \$7.94    PSR: 122%    Dvd/Sh: \$0.40    Dvd Yld: 1.32%</p> <p>Pension Liability: No.    \$54mm cash.    DSCP has paid 2 special \$1 dividends.</p>	<b>Yes</b>																											
<b>6. Positive Earnings Dynamics</b>	<table border="0"> <tr> <td></td> <td><b>Q1</b></td> <td><b>Q2</b></td> <td><b>Q3</b></td> <td><b>Q4</b></td> <td style="text-align: right;"><b>Yes</b></td> </tr> <tr> <td><b>Fiscal Year:</b></td> <td><b>2007</b></td> <td>\$0.29 A</td> <td>\$0.43 A</td> <td>\$0.43 A</td> <td>\$0.41 A</td> <td></td> </tr> <tr> <td><b>June</b></td> <td><b>2008</b></td> <td>\$0.27 E</td> <td>\$0.41 E</td> <td>\$0.52 E</td> <td>\$0.54 E</td> <td></td> </tr> <tr> <td></td> <td><b>2009</b></td> <td>\$0.00 E</td> <td>\$0.00 E</td> <td>\$0.00 E</td> <td>\$0.00 E</td> <td></td> </tr> </table>		<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Yes</b>	<b>Fiscal Year:</b>	<b>2007</b>	\$0.29 A	\$0.43 A	\$0.43 A	\$0.41 A		<b>June</b>	<b>2008</b>	\$0.27 E	\$0.41 E	\$0.52 E	\$0.54 E			<b>2009</b>	\$0.00 E	\$0.00 E	\$0.00 E	\$0.00 E		
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Yes</b>																								
<b>Fiscal Year:</b>	<b>2007</b>	\$0.29 A	\$0.43 A	\$0.43 A	\$0.41 A																								
<b>June</b>	<b>2008</b>	\$0.27 E	\$0.41 E	\$0.52 E	\$0.54 E																								
	<b>2009</b>	\$0.00 E	\$0.00 E	\$0.00 E	\$0.00 E																								
<b>7. Business Strategy</b>	Investing aggressively in new products. Cardiac assist = \$173mm in 2007 +8%. Interventional Products = \$156mm -2% in 2007. Intervascular = \$33mm in 2007 +12%.	<b>Yes</b>																											
<b>8. Capable Management &amp; Insider Ownership</b>	<p>Insider: 20%    Institution: 76%    Insider Activity: Insider Selling                  Buyback: Yes    Poison Pill: No    Percent:</p> <p>Larry Saper (CEO, 78) owns 18% of company, was paid \$1mm salary last 3 years plus a \$460k bonus in 2006. Hank Scaramelli was promoted to CFO from Controller in 4<sup>th</sup> Quarter 2007.</p>	<b>Yes</b>																											
<b>9. Valuation</b>	6.5x 2008 EBITDA of \$60mm. ARRO acquired for 33x 2007 EPS, 3.6x SBV, 400% PSR and 14.8x 2008 EBITDA (ARRO EBITDA margin of 24% vs. 15% for DSCP). 1.58x SBV vs. 5 year range of 1.42-2.23x and 10 year range of 1.53-2.47x. 122% PSR vs. 5 year range of 113-171% and 10 year range of 122-195%.	<b>Yes</b>																											
<b>10. Basing Chart Pattern</b>	Support at \$30.	<b>Yes</b>																											

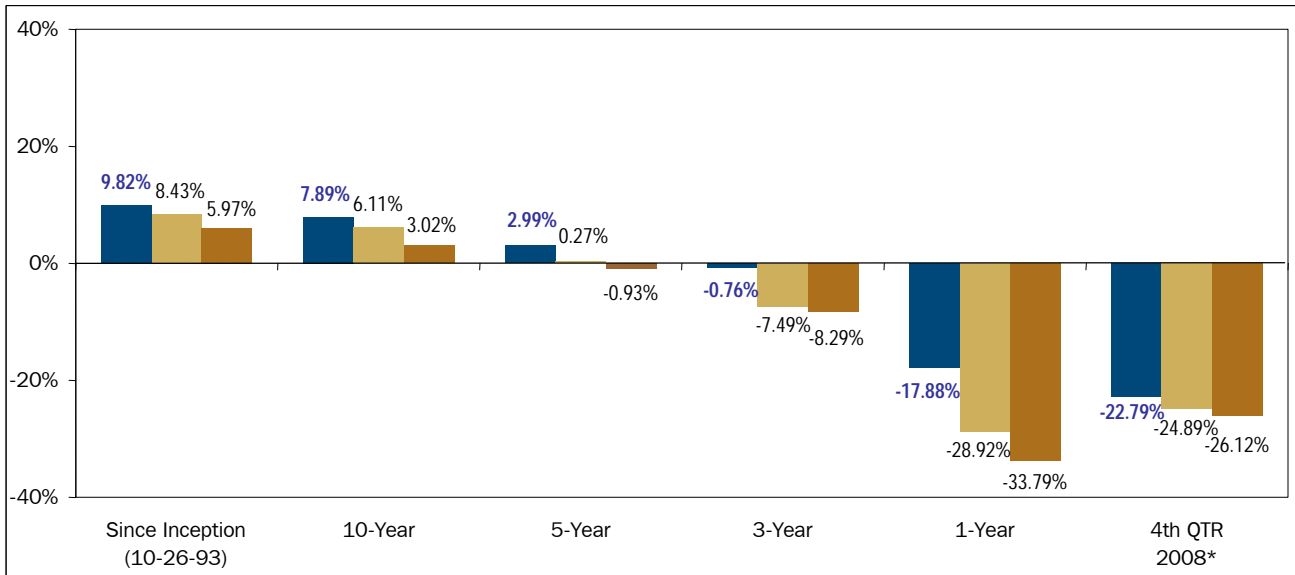
**9/10**

This information is not a recommendation to buy or sell this security, nor is it intended to reflect the performance of securities purchased or sold for Heartland Advisors' clients in the past; rather it is an illustration of our value investment selection process and provided as an example only.

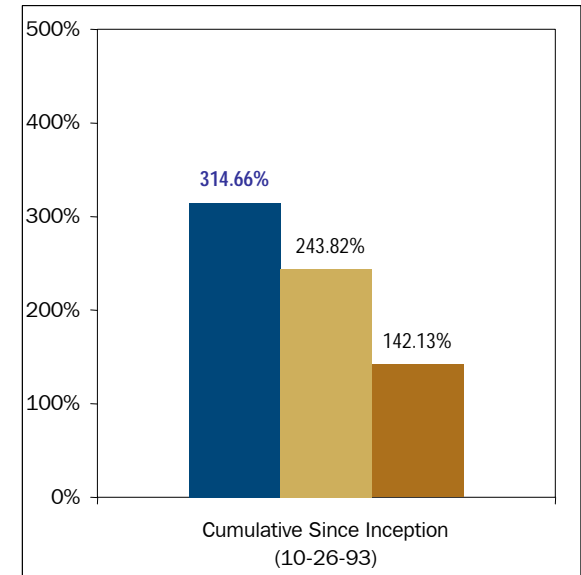


## Heartland Value Plus Fund

Average Annual Total Returns  
December 31, 2008



Cumulative Returns\*  
December 31, 2008



■ Value Plus Fund (Investor Class)   ■ Russell 2000 Value Index   ■ Russell 2000 Index

\* Not annualized

Effective May 1, 2008 current shares issued by the Funds were reclassified as "Investor Class Shares" and the Funds made "Institutional Class Shares" available to investors.

**As of 5/1/08, the gross expense ratio for the Heartland Value Plus Fund Investor Class Shares is 1.21%.**

**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 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. 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 performance. To obtain performance information current to the most recent month end, please call 1-800-432-7856 or visit [www.heartlandfunds.com](http://www.heartlandfunds.com).**

**Investment Considerations:** The Value Plus Fund invests in small companies that generally are less liquid than large companies. The Fund also invests in a smaller number of stocks (generally 30 to 60) than the average mutual fund. The performance of these holdings generally will increase the volatility of the Fund's returns. Value-based investments are subject to the risk that the broad market may not recognize their intrinsic values.

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



## Summary

This fund is designed for an investor looking to:

- Minimize volatility in bear markets using dividend paying companies and have the upside potential of small-cap companies in bull markets
- Adhere to a disciplined time-tested investment process that has generated long-term results for our shareholders
- Utilize an actively managed investment approach providing risk control tools not available to passive investment strategies