

COMMENTARY

HEARTLAND
VALUE FUND

4th Quarter • December 31, 2009

PORTFOLIO
MANAGEMENT TEAMWill Nasgovitz
Brad Evans, CFA
Bill NasgovitzSeeks long-term capital appreciation by
investing in small and micro-cap companies

HEARTLAND VALUE FUND

	Investor Class	Institutional Class
Ticker	HRTVX	HNTVX
CUSIP	422359109	422352831

QUARTERLY RETURNS
(9/30/09 - 12/31/09)

Investor Class	Institutional Class	Russell 2000 Value Index	Russell 2000 Index
4.03%	4.06%	3.63%	3.87%

SECTOR WEIGHTS
(% OF EQUITY INVESTMENTS)

	Fund	R2V	R2
Consumer Discretionary	5.6%	11.7%	13.8%
Consumer Staples	4.4	2.8	3.5
Energy	10.6	6.0	5.2
Financials	6.2	33.9	20.2
Health Care	28.1	5.0	14.3
Industrials	18.2	16.7	15.8
Information Technology	16.4	10.3	18.3
Materials	8.1	7.0	4.7
Telecommunication Services	0.0	0.5	1.0
Utilities	2.4	6.1	3.2
	100.0%	100.0%	100.0%

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.

TOP CONTRIBUTORS
FOR THE QUARTER (% PORTFOLIO)

Origin Agritech Ltd. ⁽²⁾
Gammon Gold Inc. (3.16%)
InterDigital Inc. (3.78%)
Hollysys Automation Technologies Ltd. (0.98%)
Encore Capital Group Inc. (1.77%)

BOTTOM DETRACTORS
FOR THE QUARTER (% PORTFOLIO)

Discovery Laboratories Inc. (0.21%)
STAAR Surgical Co. (0.78%)
ACCURAY, Inc. (1.82%)
Sherritt International Corp. (1.53%)
Fred's Inc. (0.83%)

(1) Source: Leerink Swann, December 17, 2009.

(2) As of December 31, 2009, the company is no longer in the portfolio.

Number above represents percentage of the Fund's net assets. Portfolio holdings are subject to change.

QUARTERLY UPDATE

The Heartland Value Fund finished an impressive year with fourth quarter results that outpaced the Russell 2000 Value Index: The Fund rose 4.0% while its benchmark increased 3.6%. More importantly, as shown on the following page, the Fund's 2009 return of 44.4% and average annual returns for 3, 5, 10 and 20-year periods, and since inception 25 years ago, have consistently outperformed the benchmark.

This quarter's solid outperformance was a result of strong stock selection across multiple sectors. A majority of the top 10 performers were among the Fund's largest holdings and included exposure to Consumer Staples, Materials, Financials, Industrials and Health Care. We believe this is directly attributable to our fundamental research process, which seeks to identify high-quality companies trading at a discount to their true intrinsic worth.

This bottom up approach led us to find multiple Health Care companies that were undervalued in our opinion, resulting in a meaningful sector overweight compared to the benchmark. As we've discussed in prior quarters, many investors have avoided the space due to depressed hospital spending, postponed doctor visits and concerns of industry reform.

Our outlook for this sector has not changed, as many Health Care stocks have strong balance sheets and attractive valuations, including a price-to-earnings discount of about 25% compared to the broader market⁽¹⁾. Also, private buyers have recently discovered the sector's inherent value as there have been four mergers and acquisitions in the last few months, and we expect more to come.

Despite our conviction in this space, the Fund's Health Care holdings produced lackluster results in the fourth quarter: six of the 10 worst performing stocks were in Health Care. From our perspective, the underperformance presented additional buying opportunities for the long-term investor.

Looking forward to 2010, we continue to adhere to our time-tested investment process focused on the 10 Principles of Value InvestingTM. Our research team strives to identify small and micro-cap companies that we believe will capture potential appreciation while potentially limiting downside risk. In our view, the Fund is attractively valued and holds companies that are financially sound. At year end, the Fund traded at 15.2 times the 2010 estimated earnings basis, compared to 15.7 times for the Russell 2000 Value and 16.1 times for the broader market S&P 500 Index. Out of 157 portfolio holdings, 40% were priced below book value, while 59% had debt-to-capital ratios of less than 25%. In today's volatile times, we believe a portfolio of low price-to-earnings stocks with low debt levels is a most prudent course.

This disciplined, research-driven process has proven to provide results that have outpaced the Russell 2000 Value Index for over a quarter of a century. In the next year, and the decade ahead, we look forward to helping shareholders reach their investment goals.



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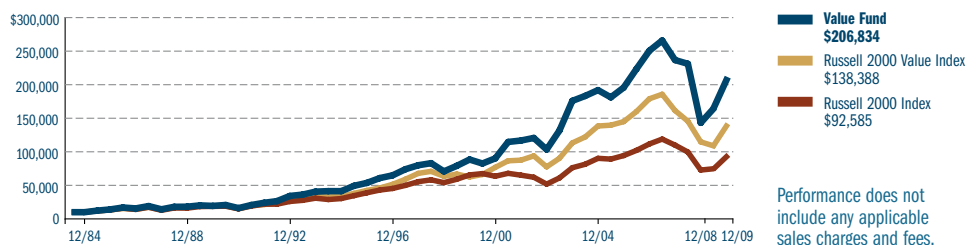
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COMMENTARY VALUE FUND

4th Quarter • December 31, 2009

GROWTH OF A HYPOTHETICAL \$10,000 INVESTMENT

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



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 Class 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 May 1, 2008 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. 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.

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 to download. Please read the prospectus carefully before investing.

The statements and opinions expressed are those of the author and are as of the date of this report. All information is historical and not indicative of future results and subject to change. Reader should not assume that an investment in the securities mentioned above was or would be profitable in the future. This information is not a recommendation to buy or sell. Past performance does not guarantee future results.

DEFINITIONS

Price/Earnings Ratio (P/E) of a stock is calculated by dividing the current price of the stock by its trailing or its forward 12 months' earnings per share.

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.

Russell 2000 Index (R2) includes the 2000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 2000 Value Index (R2V) 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.

Attribution provides an in-depth analysis of portfolio return relative to a benchmark.

Allocation Effect of the Attribution Analysis is the portion of portfolio excess return attributed to taking different group positions from the benchmark.

Selection Effect of the Attribution Analysis is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark.

Interaction Effect of the Attribution Analysis is the portion of the portfolio's excess return attributable to combining allocation decisions with relative performance.

Total Effect of the Attribution Analysis is the sum of all three effects. The total effect represents the opportunity cost of your investment decisions in a group relative to the overall benchmark.

Variation Average Weight is the portfolio weight minus the benchmark weight; **Variation Total Return** is the portfolio total return minus the benchmark total return; and **Variation Contribution** is the portfolio percent contribution to return minus the benchmark percent contribution to return.

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.

INVESTMENT GOAL

The Value Fund seeks long-term capital appreciation by investing in small companies.



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PERFORMANCE ATTRIBUTION

VALUE FUND

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QUARTER TO DATE	Heartland Value Fund			Russell 2000 Value Index			Variation			Attribution Analysis			
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Allocation Effect	Selection Effect	Interaction Effect	Total Effect
Consumer Discretionary	5.64%	-0.73%	-0.08%	11.63%	2.77%	0.28%	-5.99%	-3.50%	-0.36%	0.06%	-0.44%	0.23%	-0.15%
Consumer Staples	5.49	32.12	1.76	2.87	3.16	0.09	2.62	28.96	1.67	-0.06	0.87	0.80	1.61
Energy	9.26	12.38	1.20	5.98	5.09	0.28	3.28	7.28	0.93	0.13	0.42	0.25	0.80
Financials	5.48	8.42	0.50	33.69	1.83	0.66	-28.21	6.58	-0.15	0.50	2.66	-2.27	0.90
Health Care	26.06	1.00	0.16	4.87	8.74	0.43	21.18	-7.74	-0.26	1.05	-0.39	-1.70	-1.04
Industrials	17.99	0.37	-0.03	16.86	3.41	0.59	1.13	-3.03	-0.62	0.01	-0.55	-0.10	-0.64
Information Technology	17.43	5.62	1.04	10.72	1.71	0.11	6.71	3.91	0.93	-0.11	0.44	0.29	0.61
Materials	9.03	17.25	1.50	6.71	10.57	0.73	2.31	6.69	0.77	0.13	0.46	0.08	0.67
Telecommunication Services	-	-	-	0.53	6.42	0.03	-0.53	-6.42	-0.03	-0.01	-	-	-0.01
Utilities	3.63	1.30	0.04	6.14	7.14	0.44	-2.51	-5.83	-0.40	-0.06	-0.27	0.07	-0.26
Total	100.00%	6.12%	6.12%	100.00%	3.63%	3.63%	-	2.48%	2.48%	1.65%	3.20%	-2.37%	2.48%

Performance attribution does not incorporate the effects of cash, unclassified securities or expenses. The total impact may not equal the difference between Fund and Benchmark returns.

Holdings Data: Heartland Value Fund as of 9/30/09 through 12/30/09; Russell 2000 Value 10/01/09 through 12/31/09.

ONE YEAR	Heartland Value Fund			Russell 2000 Value Index			Variation			Attribution Analysis			
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Allocation Effect	Selection Effect	Interaction Effect	Total Effect
Consumer Discretionary	5.49%	68.59%	4.26%	11.21%	64.16%	7.51%	-5.72%	4.43%	-3.24%	-2.50%	0.62%	-0.27%	-2.15%
Consumer Staples	4.66	97.13	4.56	3.91	17.47	0.38	0.75	79.66	4.19	-0.01	3.42	0.33	3.74
Energy	9.39	34.41	0.89	4.28	40.27	1.72	5.11	-5.85	-0.83	1.89	0.45	-2.15	0.19
Financials	5.91	56.70	3.74	34.72	-2.86	-2.97	-28.80	59.57	6.71	8.14	25.29	-21.01	12.41
Health Care	23.93	53.81	13.77	5.12	23.94	0.69	18.80	29.87	13.08	-0.89	2.17	5.09	6.37
Industrials	21.88	8.54	0.70	15.64	14.45	2.19	6.24	-5.91	-1.49	-0.61	-1.49	0.37	-1.73
Information Technology	18.73	71.88	13.35	11.74	59.09	7.44	6.99	12.79	5.90	3.57	0.58	0.49	4.64
Materials	7.45	156.65	8.82	5.61	65.40	3.51	1.84	91.25	5.32	0.88	3.27	0.22	4.37
Telecommunication Services	-	-	-	0.76	39.66	0.26	-0.76	-39.66	-0.26	-0.03	-	-	-0.03
Utilities	2.56	69.96	1.83	7.01	6.44	-0.15	-4.46	63.52	1.98	1.63	6.62	-4.73	3.52
Total	100.00%	51.92%	51.92%	100.00%	20.57%	20.57%	-	31.35%	31.35%	12.08%	40.92%	-21.65%	31.35%

Performance attribution does not incorporate the effects of cash, unclassified securities or expenses. The total impact may not equal the difference between Fund and Benchmark returns.

Holdings Data: Heartland Value Fund as of 1/02/09 through 12/31/09; Russell 2000 Value 1/02/08 through 12/31/09.

THREE YEARS	Heartland Value Fund			Russell 2000 Value Index			Variation			Attribution Analysis			
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Allocation Effect	Selection Effect	Interaction Effect	Total Effect
Consumer Discretionary	6.58%	-34.87%	-2.26%	12.03%	-43.12%	-4.24%	-5.45%	8.25%	1.98%	0.97%	0.98%	-0.92%	1.03%
Consumer Staples	3.73	-16.93	0.96	3.86	-1.99	-0.55	-0.13	-14.94	1.51	-0.02	0.33	0.62	0.93
Energy	12.09	-12.81	-12.25	4.91	-18.53	0.11	7.18	5.73	-12.36	-5.56	1.73	-0.75	-4.58
Financials	7.57	-33.94	-2.87	34.06	-41.60	-16.90	-26.49	7.66	14.03	5.04	4.18	-3.59	5.62
Health Care	15.95	-26.91	1.41	5.22	9.53	-0.45	10.74	-36.44	1.86	0.84	-1.60	-1.03	-1.79
Industrials	23.62	-25.57	-6.11	14.25	-12.45	-1.56	9.37	-13.12	-4.55	1.68	-2.93	-0.59	-1.85
Information Technology	21.69	1.38	1.66	12.33	-13.94	-0.56	9.36	15.32	2.22	-0.03	2.38	3.35	5.71
Materials	7.73	0.39	0.47	6.05	34.76	2.58	1.68	-34.36	-2.10	0.77	-0.82	-1.78	-1.84
Telecommunication Services	-	-	-	1.16	-30.56	-0.55	-1.16	30.56	0.55	0.37	-	-	0.37
Utilities	1.02	-9.01	1.24	6.14	-5.27	-0.60	-5.12	-3.74	1.84	0.01	4.82	-3.46	1.37
Total	100.00%	-17.75%	-17.75%	100.00%	-22.72%	-22.72%	-	4.97%	4.97%	4.07%	9.07%	-8.16%	4.97%

Performance attribution does not incorporate the effects of cash, unclassified securities or expenses. The total impact may not equal the difference between Fund and Benchmark returns. Holdings Data: Heartland Value Fund as of 12/29/06 through 12/30/09; Russell 2000 Value 12/29/06 through 12/31/09.

Source: FactSet Research Systems, Inc. Holdings are subject to change. Data only represents domestic equity portion of portfolio. Industry and sector classifications for each security held in the account are generally determined by referencing the Global Industry Classification Standard Codes. Performance shown is cumulative.



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