

## LOW-QUALITY STOCKS HAVE THEIR DAY

Small-caps have rallied significantly, led primarily by low-quality and non-dividend-paying stocks. In this Value View, we focus on **how the Value Plus Fund has maneuvered through this market.**

**Small-Cap Performance**  
(12/31/08 - 8/31/09):

**Russell 2000 Value Index**

Yield: 0.9%  
No-Yield: 26.8

**Russell 2000 Index**

Yield: 4.0%  
No-Yield: 25.3

Source: FactSet Research Systems, Inc.

This year's remarkable rally has been driven by investors' renewed appetite for risk, as demonstrated by a significant gain in non-dividend-paying stocks year-to-date. Companies in the Russell 2000 Value that do not pay dividends gained 26.8% versus dividend payers, which returned 0.9%. Also, Bank of America Merrill Lynch found that small-cap stocks with the lowest return-on-equity had the highest return compared to its highest ROE counterparts, as of August 31, 2009.<sup>(1)</sup>

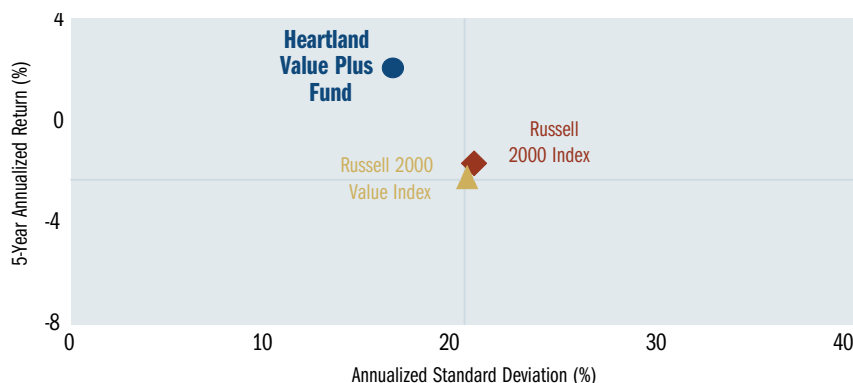
We believe this flight from quality is a critical variable for investors to understand and consider, as the Value Plus Fund's long standing emphasis remains on low-debt, high-quality, dividend-paying businesses.

**Although this trend has been a headwind, the Fund's continued outperformance demonstrates our strong security selection.**

While there will be periods of underperformance for dividend payers, we remain focused on their long-term proven results: Since 1991, dividend paying stocks have returned an average of 1.2% more than non-dividend payers in the Russell 2000 Index.<sup>(2)</sup>

**Today may be an appropriate time to allocate a portion of your investments to a small-cap, low-debt and dividend-paying fund, such as the Value Plus Fund, prior to a potential swing back to risk averse investment strategies.** This Fund has proven to be rewarding over the last five years for our investors, as evidenced by our results versus the benchmark, while exposing shareholders to less risk.

**Value Plus Fund (Investor Class) Risk vs. Return as of June 30, 2009**



Index Source: FactSet Research Systems, Inc.

*Past performance does not guarantee future results.*



**HEARTLAND FUNDS**  
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**Average Annual Total Net Returns as of August 31, 2009**

	Inception Date	Since Inception	Ten Years	Five Years	Three Years	One Year	Year-To-Date*
<b>Heartland Investor Class</b>	<b>10-26-93</b>	<b>10.23%</b>	<b>9.19%</b>	<b>4.66%</b>	<b>2.95%</b>	<b>-18.13%</b>	<b>12.94%</b>
<b>Heartland Institutional Class</b>	<b>05-01-08</b>	<b>10.26</b>	<b>9.23</b>	<b>4.75</b>	<b>3.09</b>	<b>-17.82</b>	<b>13.17</b>
Russell 2000 Value Index	—	8.77	7.31	1.57	-7.86	-20.68	10.80
Russell 2000 Index	—	6.69	4.30	2.21	-6.08	-21.29	15.75

**Average Annual Total Net Returns as of June 30, 2009**

	Inception Date	Since Inception	Ten Years	Five Years	Three Years	One Year	Year-To-Date*
<b>Heartland Investor Class</b>	<b>10-26-93</b>	<b>9.73%</b>	<b>7.32%</b>	<b>2.14%</b>	<b>0.10%</b>	<b>-22.41%</b>	<b>3.42%</b>
<b>Heartland Institutional Class</b>	<b>05-01-08</b>	<b>9.76</b>	<b>7.36</b>	<b>2.21</b>	<b>0.22</b>	<b>-22.16</b>	<b>3.58</b>
Russell 2000 Value Index	—	7.79	5.00	-2.27	-12.07	-25.24	-5.17
Russell 2000 Index	—	5.95	2.38	-1.71	-9.89	-25.01	2.64

Index Source: FactSet Research Systems, Inc.

\*Not Annualized

**As of 5/1/09, the gross expense ratios for the Investor and Institutional Class are 1.27% and 1.19%, 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 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](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.**

**Footnotes**

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.

**Return on Equity** is a measure of the net income after taxes that a firm is able to earn as a percent of stockholders equity.

**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.

The portfolio holdings are subject to change without notice. For a complete list of the Fund's portfolio visit [www.heartlandfunds.com](http://www.heartlandfunds.com).

- (1) The Russell 2000 Index is representative of the small-cap market and is not a benchmark for the Fund.
- (2) Bank of America Merrill Lynch Performance Monitor, September 1, 2009.

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