

HEARTLAND SEPARATELY MANAGED ACCOUNTS

SMALL CAP VALUE PLUS STRATEGY

All information, unless otherwise indicated, is as of 12/31/11

Seeks long-term capital appreciation by investing in small, dividend-paying companies



PORTFOLIO MANAGEMENT TEAM AND INDUSTRY EXPERIENCE

Adam Peck, CFA - 9 yrs
Brad Evans, CFA - 15

INVESTMENT PHILOSOPHY

The Small Cap Value Plus Strategy primarily invests in companies that have a market capitalization between \$250 million and \$4 billion, with a majority of its assets invested in companies that pay dividends. The Strategy intends to capture the long-term appreciation of small-caps, while minimizing the volatility of returns inherent in the small-cap market.

INVESTMENT PROCESS

The Strategy utilizes Heartland's 10 Principles of Value Investing™ to identify companies with strong financial profiles and low prices relative to earnings, cash flows and book values. This process is driven by our disciplined and rigorous research efforts, based on more than 1,000 annual meetings with management teams. The approach provides both a potential margin of safety to limit downside risk and the opportunity for capital appreciation.

PORTFOLIO CONSTRUCTION

- 40-70 stocks
- Target 80-90% of portfolio holdings to pay dividends
- Individual stocks usually represent less than 5% of the portfolio
- Industry weightings typically represent less than 25% of the portfolio
- Generally fully invested but may hold cash equivalents during atypical markets
- Moderate turnover

RISK MANAGEMENT

- Consistent discipline of Heartland's 10 Principles of Value Investing™
- Potential safety margin: Focus on low price-to-book value and strong balance sheets
- Liquidity analysis: Disciplined review of quantitative and qualitative factors, both at portfolio and individual position levels
- Analytical tools: Drawdown, upside/downside, risk/return, correlation, attribution, contribution
- Team approach and extensive collaboration

Our sell decisions may be driven by factors such as:

- Valuation targets achieved
- Change in investment thesis
- Deteriorating financial position
- Meeting fewer criteria of our 10 Principles of Value Investing™

NEW ACCOUNT MINIMUM: \$1,000,000

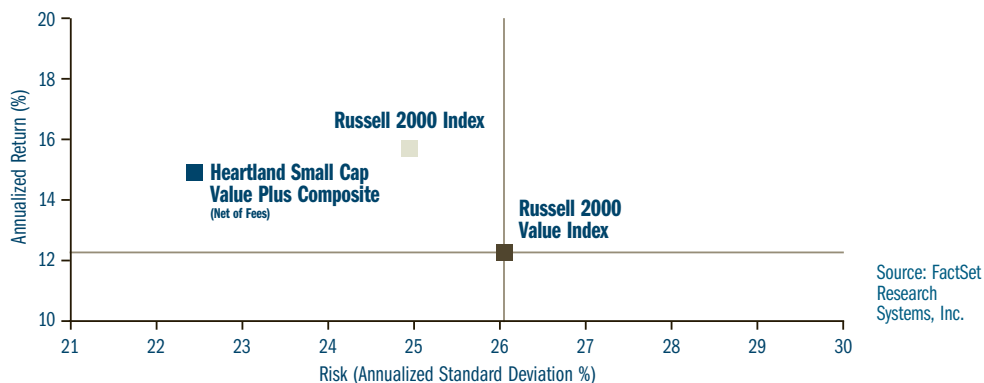
HISTORICAL RETURNS (Annualized for Multi-Year Periods) — NET OF FEES VS BENCHMARK

	SINCE INCEPTION (11/30/07)	THREE YEARS	ONE YEAR	FOURTH QUARTER 2011
Heartland Small Cap Value Plus Composite (Net of Advisory Fees)	4.53%	14.93%	-5.28%	15.51%
Russell 2000 Value Index*	-0.01	12.36	-5.50	15.97

Heartland Advisors, Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

*See Note 7 in the Accompanying Notes on reverse side.

THREE YEAR RISK VS. RETURN†



PORTFOLIO CHARACTERISTICS (Equity Securities Only)†

	SMALL CAP VALUE PLUS COMPOSITE	RUSSELL 2000 VALUE INDEX
Price/Earnings ¹	18.0x	15.9x
Price/Book ²	1.3	1.3
Price/Cash Flow ²	8.9	8.8
Long-Term Debt/Capital	19.59%	32.30%
Average Weighted Market Cap	\$1,334 mil	\$1,074 mil
Median Market Cap	\$710 mil	\$406 mil

SECTOR WEIGHTINGS (Equity Securities Only)†

	SMALL CAP VALUE PLUS COMPOSITE	RUSSELL 2000 VALUE INDEX
Consumer Discretionary	5.8%	11.7%
Consumer Staples	3.1	3.1
Energy	10.7	4.6
Financials	19.0	36.8
Health Care	18.2	5.3
Industrials	21.8	14.8
Information Technology	7.9	10.9
Materials	13.5	4.9
Telecommunication Services	0.0	0.6
Utilities	0.0	7.3
Total	100.0%	100.0%

Industry and sector classifications for each security held in the Composite are generally determined by referencing the Global Industry Classification Standard Codes (GICS) developed by Standard & Poor's and Morgan Stanley Capital International.

CFA is a registered trademark owned by the CFA Institute.

Past performance does not guarantee future results.

Current performance may differ due to market volatility. Portfolio holdings are subject to change.

Data Source: FactSet Research Systems, Inc. and Heartland Advisors, Inc. ¹Trailing 12-month actual earnings. ²Weighted median.

[†]Shown as supplemental information. See important notes on reverse side.

There is no assurance that dividend-paying stocks will mitigate volatility.

SMALL CAP VALUE PLUS COMPOSITE

AS OF DECEMBER 31	NUMBER OF ACCOUNTS	MARKET VALUE \$ MILLIONS	% OF ASSETS IN WRAP ACCOUNTS	% OF FIRM ASSETS	TOTAL FIRM ASSETS \$ MILLIONS	ASSET-WEIGHTED DISPERSION	ANNUAL PORTFOLIO TURNOVER % ¹	3-YEAR STANDARD DEVIATION
2011	14	\$62.3	0.0%	1.28%	\$4,864.3	0.47%	19.0%	22.47%
2010	13	54.6	0.0	1.18	4,636.1	0.20	35.1	N/A
2009	8	31.6	0.0	1.00	3,156.1	0.94	78.1	N/A
2008	8	35.8	0.0	1.56	2,296.9	0.50	88.9	N/A

TOTAL RETURNS AS OF DECEMBER 31, 2011 – NET OF FEES

ANNUALIZED RETURNS YEAR	SMALL CAP VALUE PLUS COMPOSITE (net of advisory fees)	RUSSELL 2000 VALUE INDEX**
Inception*	4.53%	-0.01%
Three	14.93	12.36
One	-5.28	-5.50

CUMULATIVE RETURNS YEAR	SMALL CAP VALUE PLUS COMPOSITE (net of advisory fees)	RUSSELL 2000 VALUE INDEX**
Inception*	19.82%	-0.02%
Three	51.80	41.87
One	-5.28	-5.50

ANNUAL RETURNS YEAR	SMALL CAP VALUE PLUS COMPOSITE (net of advisory fees)	RUSSELL 2000 VALUE INDEX**
2011	-5.28%	-5.50%
2010	28.63	24.50
2009	24.59	20.58
2008	-20.81	-28.92

*11-30-07

**See Note 7 in Accompanying Notes

¹Excludes Treasury bills, cash, and cash equivalents

Data Source: FactSet Research Systems, Inc. and Heartland Advisors, Inc.

Investing in small companies and value stocks presents certain additional risks. While during some periods, the stocks of small companies have performed better than the stocks of large companies, during other periods large cap stocks have outperformed small cap stocks. Stocks of small companies generally are more volatile and may have a smaller public market than stocks of large companies. Small companies may have a shorter history of operations than large companies, may not have the ability to raise capital as easily as large companies, and may have a less diversified product line, making them more susceptible to market pressure. Value investments are subject to the risk that their intrinsic values may not be recognized by the broad market.

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/Capital 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. **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.

ACCOMPANYING NOTES

- Heartland Advisors, Inc. (the "Firm") is a wholly owned subsidiary of Heartland Holdings, Inc. The Firm is registered with the Securities and Exchange Commission.
- The effective date of firm compliance is January 1, 1993.
- The Firm claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. The Firm has been independently verified from October 1, 1988 through December 31 2009. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Small Cap Value Plus composite has been examined for the periods November 30, 2007 through December 31, 2009. The verification and performance examination reports are available upon request. Periods after December 31, 2009 have not yet been examined.
- This composite was created in 2007 and contains fully discretionary equity portfolios primarily invested in companies with market capitalizations between \$250 million and \$4 billion. Beginning December 1, 2007, the minimum account size for this composite is \$1,000,000. Portfolios in the composite that later drop below the composite minimum due to market volatility are only removed from the composite when their market value falls below \$750,000.
- The investment management fee schedule for this composite is as follows: 1.00% per annum on the first \$5,000,000 and 0.85% per annum on the next \$10,000,000. Fees on accounts over \$15,000,000 are negotiable. Actual investment advisory fees incurred by clients may vary. Further information on the Firm's fees can be found in Part II of its Form ADV.
- The US dollar is the currency used to express performance. Results are based on fully discretionary accounts under management, including those accounts no longer with the Firm, and actual management fees incurred. Returns are presented net of advisory fees and include the reinvestment of all income.
- For comparison purposes, the composite is measured against the Russell 2000 Value Index. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index is an unmanaged index of stocks considered representative of the small cap market.
- Some client portfolios may be managed more or less conservatively, subject to individual client restrictions. As a result, performance differences between client portfolios in the same composite may occur. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.
- A complete list and description of the Firm's composites and additional information regarding the policies for calculating and reporting of returns are available upon request. Contact Institutional Sales at Heartland Advisors, Inc., 789 N. Water Street, Suite 500, Milwaukee, WI 53202 or call 888-505-5180.



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