

## COMMENTARY

HEARTLAND  
VALUE PLUS FUND

2nd Quarter • June 30, 2010

PORTFOLIO  
MANAGEMENT TEAM

Adam Peck, CFA

Brad Evans, CFA



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

## HEARTLAND VALUE PLUS FUND

	Investor Class	Institutional Class
Ticker	HRVIX	HNVIIX
CUSIP	422352500	422352849

#### QUARTERLY RETURNS (3/31/10 - 6/30/10)

Investor Class	Institutional Class	Russell 2000 Value Index	Russell 2000 Index
-7.33%	-7.26%	-10.60%	-9.92%

#### SECTOR WEIGHTS (% OF EQUITY INVESTMENTS)

	Fund	R2V	R2
Consumer Discretionary	5.5%	9.7%	13.8%
Consumer Staples	2.0	3.4	3.3
Energy	13.9	6.8	5.4
Financials	24.3	38.6	21.4
Health Care	22.7	5.8	13.8
Industrials	12.8	14.0	15.4
Information Technology	10.4	9.4	17.9
Materials	8.4	5.2	4.8
Telecommunication Services	0.0	0.6	1.0
Utilities	0.0	6.5	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 IN THE QUARTER (% PORTFOLIO)

Cimarex Energy Co. (1.28%)  
 SM Energy Company (2.52%)  
 Hill-Rom Holdings Inc. (2.38%)  
 Analogic Corp. (2.24%)  
 Berkshire Hills Bancorp Inc. (1.57%)

#### BOTTOM DETRACTORS IN THE QUARTER (% PORTFOLIO)

Invacare Corp. (2.41%)  
 CONMED Corp. (2.25%)  
 Omnicare Inc. (3.02%)  
 Asset Acceptance Capital Corp. (0.82%)  
 Teleflex Inc. (2.79%)

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

1 Performance Monitor, Bank of America Merrill Lynch, 7/1/10

2 As of 6/30/10, PKE represented 2.51% of the portfolio.

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#### QUARTERLY UPDATE

With a decline of nearly 10%, it was the worst ever second quarter for the Russell 2000 Index<sup>1</sup>. The benchmark Russell 2000 Value Index lost 10.6%, while the Heartland Value Plus Fund Investor Class only declined 7.3%. This outperformance helped the Fund maintain its **second percentile ranking among 321 small-cap value funds according to Morningstar based on risk-adjusted returns over the three year period.**

During a challenging quarter, we were encouraged that dividend-paying stocks held up better than their non-dividend paying counterparts<sup>1</sup>. With nearly 90% of the Fund's assets in dividend-paying companies, many of our holdings benefited.

Sector analysis for the quarter revealed strong stock selection across Energy, Consumer Discretionary and Financials. Among Energy securities, we believe the market has begun to reward financially disciplined oil and gas drillers that have not diluted shareholders during tough financial times. Two of our holdings, **Cimarex Energy Co. (XEC)** and **SM Energy Company (SM)**, increased considerably over the quarter.

We have recently found attractive valuations in Financials, primarily insurers and community banks. Our insurers were purchased at less than stated book value and have solid balance sheets. The majority of our bank holdings pay a dividend, have not taken government (TARP) funds and are well-capitalized to be able to acquire distressed competitors and gain market share.

Consistent with our fundamental research, we have met or talked with the vast majority of companies held in the portfolio. These management teams anticipate growth in earnings, revenues and cash, yet stock prices do not seem to be reflecting their confidence.

An example of this contradiction is one of our Information Technology holdings, **Park Electrochemical Corp. (PKE)**<sup>2</sup>. The company develops and manufactures printed circuit materials for the telecommunications and high-end computing markets. Park is debt-free with \$245 million in cash. Its stock is currently valued at 1.57x price-to-book value, below its ten-year average of 1.90x, and has an estimated \$3 in earnings power, implying a valuation of less than 5x, excluding cash.

Additionally, there are compelling catalysts for the company. Demand for communications, storage and wireless has been increasing, bringing idled equipment back online. Increasing sales of high performance products and additional capacity utilization will likely improve Park's margins.

As of June 30, 2010, the Fund holds 61 companies, has a median market capitalization of \$672 million, and a debt-to-capital ratio of 20.6% versus 32.4% for the benchmark. Given these attributes, and our analysis of the macroeconomic environment, low interest rates and a positive yield curve, our team remains enthusiastic for the long-term potential of the Value Plus Fund's holdings. We encourage shareholders to join in our optimism.



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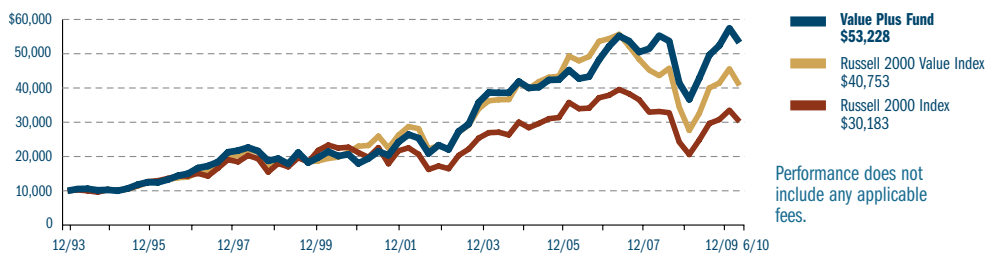
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# COMMENTARY VALUE PLUS FUND

2nd Quarter • June 30, 2010

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

(Investor Class, Since Inception: October 26, 1993)



## AVERAGE ANNUAL TOTAL NET RETURNS AS OF JUNE 30, 2010

	Inception Date	Since Inception	Ten Years	Five Years	Three Years	One Year	Quarter-To-Date*
Heartland Investor Class	10-26-93	10.55%	10.21%	5.75%	-1.21%	24.12%	-7.33%
Heartland Institutional Class	05-01-08	10.58	10.27	5.87	-1.02	24.37	-7.26
Russell 2000 Value Index	—	8.75	7.48	-0.51	-9.85	25.07	-10.60
Russell 2000 Index	—	6.82	3.00	0.37	-8.60	21.48	-9.92

Index Source: FactSet Research Systems, Inc.

\*Not Annualized

**In the prospectus dated 5/1/10, the gross expense ratios for the Investor and Institutional Class are 1.21% and 1.03%, 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.**

**The recent rise in the stock market has helped to produce short-term returns for some asset classes that are not typical and may not continue in the future. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.**

As of 6/30/10, the Value Plus Fund was ranked in the 2nd, 1st and 19th percentile among 321, 251 and 129 small value funds for the 3, 5 and 10 year time periods based on risk-adjusted returns.

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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.

**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) to download. Please read the prospectus carefully before investing.**

## DEFINITIONS

**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.

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

**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.

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

**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 attributable 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 Plus Fund invests in small companies that are generally 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.

## INVESTMENT GOAL

The Value Plus Fund seeks long-term capital appreciation and modest current income.

Adam Peck and Brad Evans are registered representatives of ALPS Distributors, Inc.



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# PERFORMANCE ATTRIBUTION VALUE PLUS FUND

2nd Quarter • June 30, 2010

QUARTER TO DATE	Heartland Value Plus 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	5.50%	-11.71%	-0.74%	12.53%	-17.06%	-1.98%	-7.03%	5.36%	1.24%	0.32%	0.67%	-0.29%	0.70%
Consumer Staples	1.41	-8.53	-0.12	2.77	-7.15	-0.23	-1.36	-1.38	0.11	-0.05	-0.01	0.01	-0.04
Energy	15.08	2.59	0.54	5.89	-14.26	-0.90	9.20	16.85	1.45	-0.11	0.93	1.49	2.32
Financials	22.65	-8.37	-2.09	35.43	-10.37	-3.76	-12.78	2.00	1.67	-0.12	0.51	-0.19	0.19
Health Care	23.50	-9.87	-2.13	4.55	-11.00	-0.59	18.95	1.14	-1.54	-0.12	0.12	0.23	0.23
Industrials	13.27	-12.70	-1.53	16.41	-9.39	-1.49	-3.14	-3.31	-0.04	-0.04	-0.54	0.10	-0.47
Information Technology	10.35	-9.14	-1.08	9.83	-11.59	-1.12	0.52	2.45	0.04	0.02	0.25	0.02	0.28
Materials	8.23	-11.35	-1.05	6.58	-15.72	-0.91	1.65	4.37	-0.13	-0.13	0.27	0.15	0.29
Telecommunication Services	-	-	-	0.41	-5.39	-0.03	-0.41	5.39	0.03	-0.02	-	-	-0.02
Utilities	-	-	-	5.61	-3.95	-0.27	-5.61	3.95	0.27	-0.39	-	-	-0.39
<b>Total</b>	<b>100.00%</b>	<b>-8.19%</b>	<b>-8.19%</b>	<b>100.00%</b>	<b>-11.28%</b>	<b>-11.28%</b>	<b>-</b>	<b>3.09%</b>	<b>3.09%</b>	<b>-0.62%</b>	<b>2.20%</b>	<b>1.52%</b>	<b>3.09%</b>

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 Plus Fund as of 3/31/10 through 6/30/10; Russell 2000 Value 4/01/10 through 7/01/10.

ONE YEAR	Heartland Value Plus 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	4.17%	16.38%	0.27%	11.86%	35.02%	3.94%	-7.70%	-18.64%	-3.68%	-0.97%	-2.05%	1.56%	-1.46%
Consumer Staples	0.55	16.54	0.01	2.82	18.95	0.56	-2.27	-2.41	-0.55	0.25	0.19	-0.05	0.39
Energy	15.12	48.66	7.10	5.89	21.53	1.21	9.24	27.14	5.89	0.15	1.19	2.07	3.42
Financials	19.73	12.13	1.92	34.28	22.08	7.02	-14.55	-9.96	-5.11	0.62	-3.36	1.73	-1.00
Health Care	27.10	32.16	9.62	4.81	19.86	0.92	22.29	12.31	8.69	-1.37	0.60	2.28	1.51
Industrials	15.57	17.32	3.54	16.70	25.06	4.37	-1.13	-7.74	-0.82	-0.00	-1.18	0.48	-0.70
Information Technology	10.30	29.98	2.82	10.57	22.48	2.75	-0.28	7.50	0.07	0.10	0.43	0.01	0.54
Materials	7.36	-0.87	-0.10	6.54	39.74	2.45	0.82	-40.61	-2.55	0.58	-2.46	-0.91	-2.78
Telecommunication Services	-	-	-	0.50	14.78	0.09	-0.50	-14.78	-0.09	0.12	-	-	0.12
Utilities	0.11	5.75	0.03	6.03	13.15	0.83	-5.93	-7.40	-0.80	0.90	0.06	0.07	1.03
<b>Total</b>	<b>100.00%</b>	<b>25.20%</b>	<b>25.20%</b>	<b>100.00%</b>	<b>24.14%</b>	<b>24.14%</b>	<b>-</b>	<b>1.06%</b>	<b>1.06%</b>	<b>0.39%</b>	<b>-6.58%</b>	<b>7.25%</b>	<b>1.06%</b>

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 Plus Fund as of 6/30/09 through 6/30/10; Russell 2000 Value 7/01/09 through 7/01/10.

THREE YEAR	Heartland Value Plus 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	4.74%	-49.29%	-4.17%	11.40%	-46.44%	-4.54%	-6.66%	-2.85%	0.36%	0.68%	0.24%	-0.72%	0.20%
Consumer Staples	1.14	48.99	1.65	3.74	-13.43	-0.89	-2.60	62.43	2.53	0.09	4.21	-1.51	2.80
Energy	15.27	12.18	2.73	5.24	-37.54	-0.97	10.03	49.72	3.70	-1.75	3.38	6.40	8.03
Financials	12.47	-0.49	2.47	34.25	-37.05	-14.82	-21.77	36.56	17.30	1.98	15.45	-12.55	4.88
Health Care	21.31	25.28	8.52	5.22	-3.16	-1.03	16.10	28.44	9.55	0.40	1.67	3.65	5.73
Industrials	20.09	-20.73	-6.23	14.99	-26.62	-3.27	5.10	5.89	-2.96	0.73	0.55	1.30	2.58
Information Technology	13.49	8.47	0.03	11.90	-23.22	-1.58	1.59	31.70	1.60	-0.52	3.63	0.70	3.82
Materials	11.46	-46.08	-10.79	6.03	-3.89	0.84	5.43	-42.19	-11.63	1.78	-4.33	-3.79	-6.34
Telecommunication Services	-	-	-	0.99	-42.41	-0.69	-0.99	42.41	0.69	0.33	-	-	0.33
Utilities	0.04	5.97	0.03	6.25	-2.25	-0.58	-6.21	8.23	0.61	-0.40	0.07	0.04	-0.28
<b>Total</b>	<b>100.00%</b>	<b>-5.77%</b>	<b>-5.77%</b>	<b>100.00%</b>	<b>-27.52%</b>	<b>-27.52%</b>	<b>-</b>	<b>21.75%</b>	<b>21.75%</b>	<b>3.34%</b>	<b>24.88%</b>	<b>-6.47%</b>	<b>21.75%</b>

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 Plus Fund as of 6/29/07 through 6/30/10; Russell 2000 Value 7/02/07 through 7/01/10.

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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