



October 7, 2011

“History doesn’t repeat itself - at best it sometimes rhymes”

– Mark Twain

Dear Fellow Shareholder,

As we said last quarter, Wall Street climbs a wall of worry. True to form, the experience of 2008 is on many investors’ minds. Once again, leverage is a major cause of the trouble; this time sovereign, as Greece is auditioning for the role of Lehman Brothers. But we view stocks in a different light, as we will explain shortly.

In Europe and the United States, capital markets seem increasingly doubtful of repeated claims that western governments will maintain fiscal propriety. The question is whether global economic growth will be sufficient to generate tax revenues necessary to pay the bill on mounting obligations. These concerns have spilled over into corporate and consumer debt markets as well. Despite low interest rates, banks and bond markets are restricting the flow of credit to only those with the best credit ratings, as anyone who has recently applied for a home loan likely knows first-hand. This puts additional stress on leveraged consumers and corporations, who are diverting income away from consumption or expansion, and toward debt servicing and reduction.

At Heartland, our 10 Principles of Value Investing™ help us find companies whose capital structures are healthy for their unique type of business. These financially sound companies are not cash-strapped because of debt servicing obligations. Instead, they can use cash flows to hire top talent, reinvest in their business or make acquisitions. When credit is hard to obtain, financially sound companies have a clear advantage.

As the markets have fallen in the third quarter, financially sound companies have also been taking advantage of cheap valuations in their stock by deploying capital towards share buyback programs. Buybacks can increase future earnings per share and returns on equity for remaining shareholders, and we generally view them as favorable. Year-to-date through July, buyback authorizations have totaled \$324 billion, a 46% year-over-year increase.

Insider buying can also be a positive indicator, as it is a very credible signal of management optimism. Officers or directors acting purely for their own interests, putting personal capital at risk, seems a clear indication of the confidence of their outlook. And, presumably, management knows its business better than anyone else. In the week ending August 9th, insider buying was at its highest levels since March 9, 2009.¹

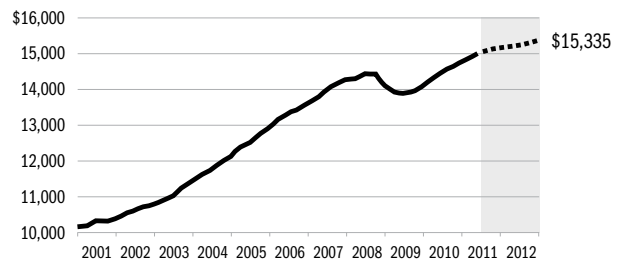
The global debt problem could challenge equity markets for a long time. However, as the chart indicates, we anticipate GDP growth to continue in an upward trajectory, at a slower rate. Furthermore, the US banking system is now well capitalized and corporate America has slashed costs, deleveraged, and is running lean. In our opinion, the recent sell-off in equities has largely discounted the economic slowdown, with many stocks selling at compelling valuations in relation to earnings, cash flows and intrinsic worth.

Against this backdrop, we believe strongly there is no substitute for active management, grounded in intensive fundamental research. The 10 Principles of Value Investing™ is the time tested discipline we believe will provide investors the roadmap for wealth creation.

Thank you for the privilege of managing your capital.

Your Heartland Investment Team

Estimated US GDP Growth (USD Billions)



Data Source: Bloomberg, 1/1/01 through 6/30/11, ISI Group and Heartland Advisors, Inc., 7/1/11 though 12/31/12

Past performance and future projections do not guarantee future results. Current and future holdings are subject to risk.

This report has been prepared for information purposes only; any opinions expressed herein reflect the portfolio managers’ judgment as of this date and are subject to change. The opinions expressed are for general information only and are not intended to provide specific advice or recommendations for any individual.

¹ Bloomberg, “Insider Buying Stock at Highest Rate Since March ‘09 as S&P 500 Drops,” Nikolaj Gammeltoft and Lu Wang, August 11, 2011

**THE HEARTLAND
FAMILY OF FUNDS**

**INVESTMENT RESULTS AS OF SEPTEMBER 30, 2011
AVERAGE ANNUAL TOTAL RETURNS – INVESTOR CLASS SHARES**

Large, mid & small-cap value stocks		Since Inception	Twenty-Five Years	Ten Years	Five Years	Three Years	One Year	Quarter-To-Date*
Select Value Fund	HRSVX	9.03%	—	7.89%	1.13%	1.87%	-3.74%	-18.84%
Focused	Russell 3000 Value Index	6.14	—	3.58	-3.50	-1.62	-2.22	-16.63
Core equity holding	S&P 500 Index	5.23	—	2.82	-1.18	1.23	1.14	-13.87
Small-cap value stocks that pay dividends								
Value Plus Fund	HRVIX	9.95%	—	10.40%	4.81%	0.66%	-4.63%	-22.84%
Focused	Russell 2000 Value Index	8.30	—	6.47	-3.08	-2.78	-5.99	-21.47
Upside opportunity with potentially lower volatility								
Small & micro-cap value stocks								
Value Fund	HRTVX	12.06%	11.08%	7.98%	-0.93%	2.52%	-2.31%	-20.83%
Broadly Diversified	Russell 2000 Value Index	10.34	9.57	6.47	-3.08	-2.78	-5.99	-21.47
Seeks to capture historical outperformance								

Source: FactSet Research Systems, Inc. and Standard & Poor's.

*Not Annualized

The inception dates for the Select Value, Value Plus and Value Funds Investor Class Shares are 10/11/96, 10/26/93 and 12/28/84, respectively.

In the prospectus dated 5/1/11, the gross expense ratios for the Heartland Select Value, Value Plus and Value Funds Investor Class shares were 1.23%, 1.17% and 1.14%, respectively.

Past performance does not guarantee future results. 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.

Index Definitions: Russell 3000 Value Index measures the performance of those Russell 3000 Index 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. 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. Earnings per Share is the portion of a company's profit allocated to each outstanding share of common stock. Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. 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. 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.

The Funds invest in small companies selected on a value basis. Such securities generally are more volatile and less liquid than those of larger companies. Value based investments are subject to the risk that the broad market may not recognize their intrinsic values. The Select Value and Value Plus Funds also invest in a smaller number of stocks (generally 30 to 60 and 40 to 70, respectively) than the average mutual fund. The performance of these holdings generally will increase the volatility of the Funds' returns. Value investments are subject to the risk that their intrinsic value may not be recognized by the broad market.

Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.

An investor should consider the Funds' investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information can be found in the Funds' prospectus. To obtain a prospectus, please call 1-800-432-7856 or visit our website at www.heartlandfunds.com to download. Please read the prospectus carefully before investing.

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