

COMMENTARY

HEARTLAND SELECT VALUE FUND

4th Quarter • December 31, 2011

PORTFOLIO MANAGEMENT TEAM

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Seeks long-term capital appreciation without market capitalization constraints

HEARTLAND SELECT VALUE FUND

	Investor Class	Institutional Class
Ticker	HRSVX	HNSVX
CUSIP	422352807	422352856

QUARTERLY RETURNS (9/30/11 - 12/31/11)

Investor Class	Institutional Class	Russell 3000 Value Index	S&P 500 Index
10.11%	10.20%	13.33%	11.82%

SECTOR WEIGHTS (% of Equity Investments)

	Fund	R3V	S&P 500
Consumer Discretionary	5.6%	9.1%	10.7%
Consumer Staples	8.7	7.8	11.5
Energy	13.4	11.7	12.3
Financials	14.0	25.4	13.4
Health Care	14.0	12.3	11.8
Industrials	15.3	9.7	10.7
Information Technology	13.4	9.0	19.0
Materials	5.4	2.8	3.5
Telecommunication Services	2.3	4.5	3.2
Utilities	7.9	7.7	3.9
	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. Source: FactSet Research Systems, Inc. and Standard & Poor's.

TOP CONTRIBUTORS FOR THE QUARTER (% Portfolio)*

- Marathon Oil Corp. (2.47)
- ATMI, Inc. (2.75)
- Universal Forest Products Inc. (2.43)
- Safeway, Inc. (2.54)
- EMCOR Group, Inc. (2.21)

BOTTOM DETRACTORS FOR THE QUARTER (% Portfolio)*

- AuRico Gold, Inc. (2.21)
- American Greetings Corp. CI A (0.62)
- Boston Scientific Corp. (2.00)
- RF Micro Devices, Inc. (1.76)
- Bunge, Ltd. (1.92)

*Excludes new holdings purchased this quarter and securities no longer held. Number above represents percentage of the Fund's net assets. Portfolio holdings are subject to change.

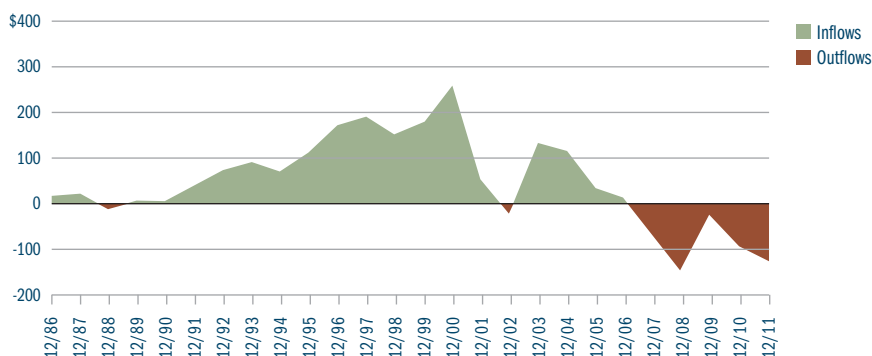
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QUARTERLY UPDATE

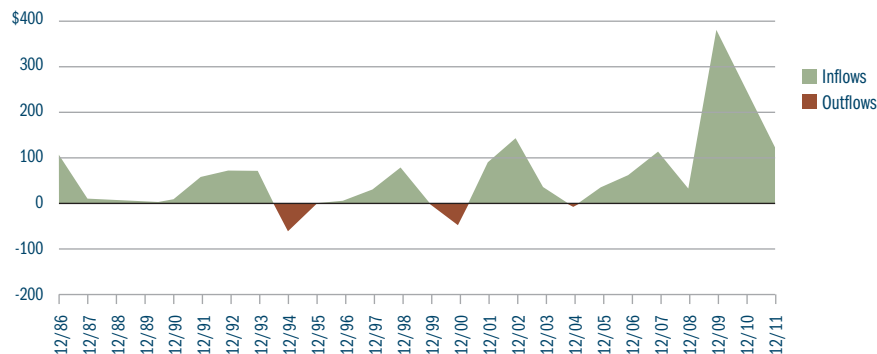
The Select Value Fund finished 2011 with a disappointing -6.68% return, underperforming its benchmark, the Russell 3000 Value Index, which returned -0.10%. We did have some poor stock selection, but, to a large extent, we were also punished by our small cap bias. Small caps had a difficult year and we believe their relative underperformance will reverse as rationality and a focus on company fundamentals is restored within the markets.

As we seek to understand the dynamics driving the markets in 2011, we have found that investors reacted to negative macroeconomic and geopolitical headlines by attempting to de-risk their portfolios. We utilize a chart of mutual fund flows from the Investment Company Institute to illustrate our point. The chart shows net flows in and out of US equity funds over the past few years. Redemptions from US equities have been at historic highs recently. Conversely, as the following chart shows, bond funds have been the recipients of significant net inflows. In part due to these flows, the Treasury bull market continued this year, driving yields down to – even below – the level of inflation. Why would an investor knowingly invest at a negative real rate of return, particularly as credit quality for even Treasury securities has fallen? We suspect that bond inflows at these price levels will ultimately be shown to be counterproductive, as rates rise and other asset classes prove more compelling.

Net US Equity Mutual Fund Flows (\$ Billions) 1/1/1986 to 12/31/2011



Net Bond Fund Flows (\$ Billions) 1/1/1986 to 12/31/2011



Source: Investment Company Institute

(Continued next page)

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QUARTERLY UPDATE (CONTINUED)

We believe that relative valuations of stocks today demonstrate their attractiveness. The chart below compares 10-Year Treasuries bond yields minus the S&P 500 earnings yield. As this number moves into negative territory, it demonstrates that the earnings yield on stocks is greater than the 10-year yield. The spread is almost as great as it has ever been during this 20 year period, indicating that stocks are cheap in relation to bonds.

As investors have left stocks, and especially smaller stocks, in favor of other asset classes, the Select Value Fund has been negatively impacted. The following chart shows the performance by market cap for the Russell 3000 Index. Smaller companies have systematically underperformed larger companies. We note that the weighted average market cap for the benchmark is \$67.9 billion, while the Select Fund's is \$21.8 billion. This bias towards small caps has hurt the Fund, but we believe will be recovered as investors return to equities, and especially to those companies with the high quality characteristics we believe we are finding through our investment discipline.

We did make some poor decisions this year, particularly in Consumer Staples, where we missed the run in large cap packaged goods companies. We like the names we own, but as fears of a recession gripped investors in the latter half of the year, the Fund's stocks did not move along with the conventional view of defensive stocks. And, the Fund owned several other stocks where the catalyst was simply too dependent on a continued slow improvement in the US economy. In view of this weak performance, we have challenged ourselves to be more critical in our thinking about a stock's catalyst, searching for companies whose prospects are bright in a slow or even no-growth economic environment.

Looking forward, we are finding ideas we believe show real promise. Specifically, we are overweight both Technology and Industrial sectors. These sectors underperformed in 2011, but we believe offer significant opportunities as investor risk tolerances normalize. Two stocks that illustrate what we are seeing in each area are URS Corporation and Benchmark Electronics.

URS is an engineering and construction company that has been pummeled on concerns over their exposure to federal spending in light of pressure on federal budgets. Our research suggests otherwise. URS provides services to the government in areas we believe will survive budget cuts – areas like cyber security, drones and chemical weapons decommissioning. We further anticipate growth in other sectors they service, especially power plant construction and pollution controls, where tighter EPA regulations on coal fired power plants will drive demand for the company's services. Our confidence is buoyed by increasing backlogs for each of the three non Federal sectors. And its valuation is very congruent to our way of thinking, as it has recently traded at less than 11x earnings, and only 86% of book value.

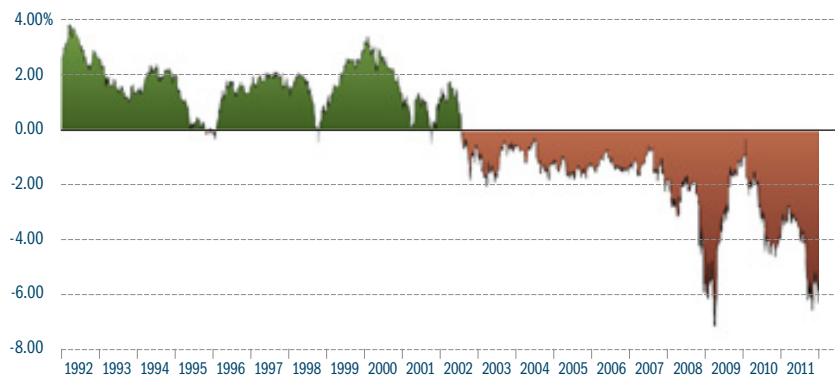
Benchmark Electronics provides contract manufacturing and design services to the electronics industry. A production shortfall caused by the Thailand floods has dampened the company's short-term prospects and created a sharp sell-off in the stock. With production expected to begin normalizing in 2012, we believe the sell-off is overdone and offers an excellent buying opportunity for long-term, value-focused investors. The stock ended the year trading at just \$13.47, yet has a book value of just over \$19 a share. The company has no debt, is actively buying back stock and has over \$4 per share in cash. We believe the two examples provided here are representative of the excellent values available to clear-minded investors that can withstand recent market volatility.

In closing, 2011 has been difficult for the Fund. However, we believe that the Fund is well positioned for 2012 with high quality companies that are priced attractively. We thank you for your perseverance and your continued trust.

Sincerely,

Your Select Value Team

Stocks vs. Bonds - 10-Year Treasury Minus S&P 500 Earnings Yield



Past performance does not guarantee future results.

Source: Bloomberg, 1/3/1992 to 12/31/2011

Russell 3000 Index Market Cap Quintile
12/31/2010 - 12/30/2011

	Returns
Q1 (Largest)	2.95%
Q2	-5.54
Q3	-11.17
Q4	-19.37
Q5 (Smallest)	-42.48

Source: FactSet Research Systems, Inc.

PERFORMANCE ATTRIBUTION SELECT VALUE FUND

4th Quarter • December 31, 2011

QUARTER TO DATE	Heartland Select Value Fund			Russell 3000 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	Total Effect
Consumer Discretionary	4.67%	11.57%	0.53%	9.12%	19.33%	1.75%	-4.46%	-7.76%	-1.22%	-0.22%	-0.32%	-0.54%
Consumer Staples	9.35	18.46	1.65	7.69	11.64	0.93	1.65	6.83	0.72	-0.04	0.55	0.51
Energy	13.88	23.33	2.97	11.86	21.75	2.49	2.02	1.57	0.48	0.08	0.18	0.25
Financials	14.23	16.32	2.31	25.56	14.60	3.74	-11.34	1.72	-1.42	0.03	0.19	0.21
Health Care	13.71	8.74	1.16	12.04	12.90	1.56	1.67	-4.16	-0.40	-0.04	-0.60	-0.64
Industrials	13.25	21.59	2.84	9.48	21.01	1.94	3.77	0.58	0.90	0.18	0.16	0.33
Information Technology	15.11	10.80	1.89	9.28	15.53	1.43	5.82	-4.73	0.46	0.10	-0.54	-0.45
Materials	5.40	-4.76	-0.41	2.86	20.98	0.57	2.54	-25.74	-0.98	0.09	-1.41	-1.32
Telecommunication Services	2.28	8.28	0.19	4.44	7.55	0.34	-2.16	0.73	-0.15	0.16	0.00	0.15
Utilities	8.14	8.85	0.76	7.65	7.09	0.55	0.49	1.76	0.20	-0.05	0.16	0.10
Total	100.00%	13.90%	13.90%	100.00%	15.29%	15.29%	-	-1.39%	-1.39%	0.28%	-1.61%	-1.39%

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 Select Value Fund 9/30/2011 through 12/30/2011. Russell 3000 Value 10/03/2011 through 1/03/2012.

ONE YEAR	Heartland Select Value Fund			Russell 3000 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	Total Effect
Consumer Discretionary	4.69%	-19.74%	-0.89%	8.46%	4.64%	0.39%	-3.77%	-24.38%	-1.27%	-0.16%	-1.09%	-1.25%
Consumer Staples	7.99	2.16	0.04	8.36	13.68	1.09	-0.37	-11.52	-1.04	0.12	-0.94	-0.82
Energy	14.95	-0.77	-0.46	12.27	6.39	0.66	2.68	-7.15	-1.12	0.09	-1.16	-1.07
Financials	19.51	-9.96	-2.53	26.94	-13.66	-4.11	-7.42	3.70	1.59	0.93	0.71	1.63
Health Care	13.49	6.42	0.80	11.98	17.57	2.02	1.51	-11.15	-1.22	0.24	-1.42	-1.18
Industrials	13.27	-1.85	-0.12	9.73	1.28	0.19	3.54	-3.13	-0.31	-0.03	-0.28	-0.31
Information Technology	14.71	-14.71	-1.90	7.49	-1.79	0.03	7.22	-12.92	-1.93	-0.28	-1.78	-2.06
Materials	3.60	9.30	-0.48	3.17	-4.78	-0.17	0.43	14.08	-0.31	-0.04	-0.57	-0.60
Telecommunication Services	1.91	9.66	0.17	4.52	5.21	0.23	-2.61	4.45	-0.06	-0.09	0.08	-0.01
Utilities	5.87	31.16	1.70	7.08	16.99	1.15	-1.20	14.17	0.55	-0.20	0.74	0.54
Total	100.00%	-3.66%	-3.66%	100.00%	1.47%	1.47%	-	-5.13%	-5.13%	0.59%	-5.71%	-5.13%

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 Select Value Fund 12/31/2010 through 12/30/2011. Russell 3000 Value 1/03/2011 through 1/03/2012.

THREE YEARS	Heartland Select Value Fund			Russell 3000 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	Total Effect
Consumer Discretionary	5.80%	67.02%	6.16%	8.85%	101.00%	8.16%	-3.05%	-33.99%	-2.00%	-0.48%	-1.89%	-2.38%
Consumer Staples	7.59	29.00	2.68	7.87	46.66	3.01	-0.27	-17.66	-0.33	0.05	-0.15	-0.11
Energy	13.55	110.29	12.77	14.38	45.33	4.45	-0.83	64.96	8.33	1.54	6.96	8.49
Financials	18.32	38.52	9.15	26.43	10.54	5.02	-8.11	27.98	4.13	2.57	2.80	5.36
Health Care	12.98	67.72	6.72	10.87	45.91	3.93	2.11	21.81	2.79	-0.04	2.07	2.01
Industrials	13.98	94.54	10.85	10.12	47.05	4.27	3.86	47.49	6.58	-0.47	6.23	5.75
Information Technology	15.68	41.77	9.93	5.91	79.76	4.11	9.77	-37.99	5.82	5.50	-3.63	1.85
Materials	4.37	78.55	3.90	3.51	97.23	3.43	0.86	-18.68	0.47	1.67	-0.60	1.06
Telecommunication Services	1.83	28.42	0.54	5.01	34.16	1.83	-3.18	-5.74	-1.29	0.44	-0.17	0.26
Utilities	5.88	85.87	1.86	7.05	40.65	2.18	-1.16	45.21	-0.32	1.22	0.68	1.89
Total	100.00%	64.55%	64.55%	100.00%	40.38%	40.38%	-	24.17%	24.17%	11.99%	12.29%	24.17%

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 Select Value Fund 12/31/2008 through 12/30/2011. Russell 3000 Value 1/02/2009 through 1/03/2012.

Source: FactSet Research Systems, Inc. Holdings are subject to change. Data represents the 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.



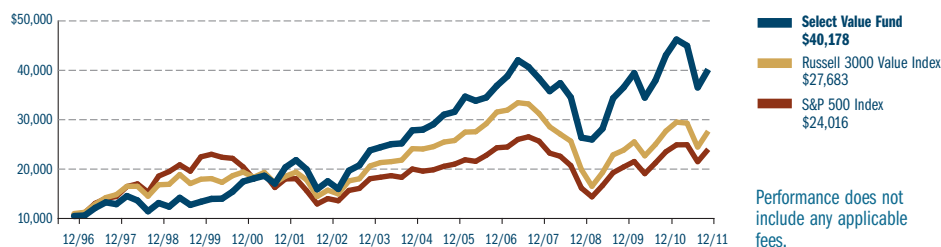
HEARTLAND FUNDS
AMERICA'S VALUE INVESTOR®

COMMENTARY SELECT VALUE FUND

4th Quarter • December 31, 2011

GROWTH OF A HYPOTHETICAL \$10,000 INVESTMENT

(Investor Class, Since Inception: October 11, 1996)



AVERAGE ANNUAL TOTAL NET RETURNS AS OF DECEMBER 31, 2011

	Inception Date	Since Inception	Ten Years	Five Years	Three Years	One Year	Quarter-To-Date*
Heartland Investor Class	10-11-96	9.57%	7.04%	1.73%	15.07%	-6.68%	10.11%
Heartland Institutional Class	05-01-08	9.65	7.16	1.98	15.41	-6.42	10.20
Russell 3000 Value Index	—	6.90	4.08	-2.58	11.62	-0.10	13.33
S&P 500 Index	—	5.91	2.92	-0.25	14.11	2.11	11.82

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

*Not annualized

In the prospectus dated 5/1/11, the gross expense ratios for the Investor and Institutional Classes are 1.23% and 0.96%, 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. Also, through November 30, 2001, the Advisor voluntarily waived a portion of the Fund's expenses. Without such waivers total returns would 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 to 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.

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

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

Earnings Yield is the reciprocal of the price to earnings ratio.

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.

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.

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.

Russell 3000 Value Index (R3V) measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values.

S&P 500 Index (S&P 500) 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.

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.

10-Year Treasury (GT10) measures actively traded U.S. government 10 year issues include Treasury and agency bills, notes, bonds, and strips and is meant to be representative of the broader government market.

INVESTMENT CONSIDERATIONS

In addition to stocks of large companies, the Select Value Fund invests in small and mid-sized companies that are generally less liquid than large companies. The Fund also invests in a smaller number of stocks (generally 40 to 60) than the average mutual fund. The performance of these holdings generally will increase the volatility of the Fund's returns. Value investments are subject to the risk that their intrinsic values may not be recognized by the broad market.

The members of the Portfolio Management Team are registered representatives of ALPS Distributors, Inc.



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AMERICA'S VALUE INVESTOR*