



January 7, 2012

Dear Fellow Shareholder,

Every year we have a chili cook off, here at Heartland, to enjoy some fun and good food together, and to raise money for the year's Holiday Charity. Watching those pots of chili bubbling away reminds us of this year's markets... the same issues keep coming to the surface, only to cycle back into the pot for a period. The difference is that we enjoyed the chili.

Fear, then relief, then fear again are driving a cycle of severe and volatile market movement, as investors seek safety, then return, then safety again. Since the April market highs, risk aversion has dominated investor behavior, punishing small cap stocks in particular. US equity mutual funds have experienced the heaviest net redemptions since 2008¹ as investors have sought perceived safety in bond funds*.

With long-term interest rates near historic lows, we question the wisdom of taking on long-term inflation risk, or even the increased risk of government default, for such meager income. For investors with long horizons, a more durable concept of safety may be found in the stock of quality companies.

We define quality companies as those with strong earnings, robust cash flows across the business cycle, and management teams that deploy capital efficiently. Companies with these attributes may be better positioned to withstand and even prosper in inflationary or deflationary environments, or periods of weak economic growth. Furthermore, quality companies will typically have low debt, allowing them to better avoid difficult refinancing in tight credit environments (such as we are in today).

With weak small cap performance in 2011 and heavy US equity fund outflows, we believe the hunting ground for quality companies is compelling. Price to book values, a yardstick of valuation, reveal that stocks are near historically cheap levels- nearly as cheap as their 2008 levels!

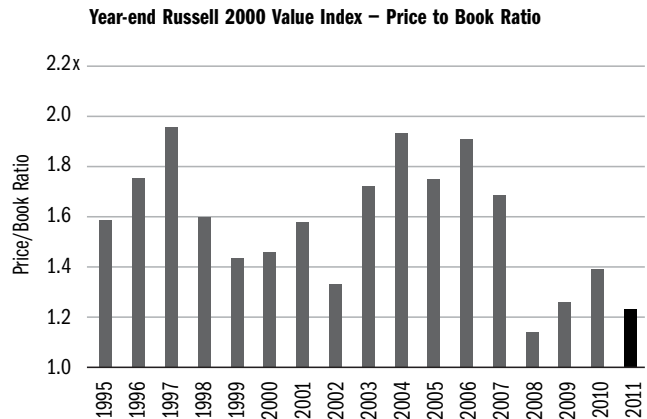
While we expect markets to continue to be unsettled in 2012, Heartland's investors can take comfort that the 10 Principles of Value Investing™ were designed specifically to guide portfolio managers and research analysts toward high quality companies with firm-specific catalysts, selling at attractive valuations, irrespective of the noise of volatile markets.

As fund flows return from bonds to equities as they have done historically, we firmly believe the patient, value-oriented investors will be compensated for their perseverance. *Every bear market in history has been followed by a bull market.* We hope you will be joining us as we endeavor to participate in the next bull market, and we are grateful for your continued confidence.

With best wishes for a safe and prosperous New Year,

Your Heartland Investment Team

*We note with gratitude that Heartland Funds continued to receive inflows in 2011².



Source: Bloomberg, 12/29/95 to 12/30/11

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

¹ICI, Mutual Fund Flows 12/31/85 to 12/7/11 ²ICI, Mutual Fund Flows and Heartland Advisors, Inc., 12/31/10 to 12/7/11

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.

**THE HEARTLAND
FAMILY OF FUNDS**

**INVESTMENT RESULTS AS OF DECEMBER 31, 2011
AVERAGE ANNUAL TOTAL RETURNS – INVESTOR CLASS SHARES**

		Since Inception	Twenty-Five Years	Ten Years	Five Years	Three Years	One Year	Quarter- To-Date*
Large, mid & small-cap value stocks								
Select Value Fund	HRSVX	9.57%	—	7.04%	1.73%	15.07%	-6.68%	10.11%
Focused	Russell 3000 Value Index	6.90	—	4.08	-2.58	11.62	-0.10	13.33
Core equity holding	S&P 500 Index	5.91	—	2.92	-0.25	14.11	2.11	11.82
Small-cap value stocks that pay dividends								
Value Plus Fund	HRVIX	10.72%	—	10.15%	5.74%	15.40%	-5.37%	16.32%
Focused	Russell 2000 Value Index	9.07	—	6.40	-1.87	12.36	-5.50	15.97
Upside opportunity with potentially lower volatility								
Small & micro-cap value stocks								
Value Fund	HRTVX	12.37%	11.42%	7.17%	-1.40%	17.71%	-6.92%	10.87%
Broadly Diversified	Russell 2000 Value Index	10.85	10.22	6.40	-1.87	12.36	-5.50	15.97
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.

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 40 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.

Definitions: **Inflation Risk** is the possibility that the rate of price increases in the economy will deteriorate the returns associated with a bond. **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. **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.

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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