

MID CAP VALUE STRATEGY

March 31, 2017



PORTFOLIO MANAGEMENT TEAM AND INDUSTRY EXPERIENCE

Will Nasgovitz – 16 yrs
Colin McWey, CFA – 14

Seeks long-term capital appreciation by investing in mid-cap companies

HISTORICAL RETURNS (Annualized for Multi-Year Periods)

	Since Inception	Ten Years	Five Years	Three Years	One Year	Year-To-Date	1Q 2017
Heartland Mid Cap Value Composite (Net of Advisory Fees)	12.00%	9.67%	13.75%	9.42%	28.78%	2.51%	2.51%
Russell Midcap® Value Index*	10.95	7.47	14.07	8.94	19.82	3.76	3.76

The inception date for the Mid Cap Value Strategy is 9/30/1996. 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.

PORTFOLIO CHARACTERISTICS (Equity Securities Only, Weighted Median Unless Otherwise Noted)†

	Mid Cap Value Composite	Russell Midcap® Value Index
Price/Earnings ¹	16.9x ²	18.7x
Price/Book	2.3	2.1
Price/Cash Flow	10.4	11.4
Total Debt/Capital ^{2,3}	40.3%	46.0%
Weighted Average Market Cap	\$11.6 bil.	\$13.7 bil.
Median Market Cap	\$8.2 bil.	\$6.5 bil.

PORTFOLIO 5-YEAR CHARACTERISTICS (Equity Securities Only)†

	Composite Net vs. Russell Midcap® Value Index
Annualized Alpha (%)	-0.97
Beta	1.06

TOP TEN HOLDINGS (Equity Securities Only)†

Company	% Composite	Industry
Equity Commonwealth	4.41	Equity Real Estate Investment Trust (REITs)
CA, Inc.	3.87	Software
Franklin Resources, Inc.	3.81	Capital Markets
Amerisourcebergen Corporation	3.64	Health Care Providers & Services
Exelon Corporation	3.52	Electric Utilities
Quest Diagnostics Incorporated	3.45	Health Care Providers & Services
Popular, Inc.	3.42	Commercial Banks
CNA Financial Corporation	3.40	Insurance
National Oilwell Varco, Inc.	3.14	Energy Equipment & Services
Harley Davidson Inc	3.05	Automobiles

SECTOR WEIGHTINGS (Equity Securities Only)†

	Mid Cap Value Composite	Russell Midcap® Value Index
Consumer Discretionary	12.0%	8.7%
Consumer Staples	4.2	3.3
Energy	12.2	9.6
Financials	20.6	19.6
Health Care	7.4	4.1
Industrials	14.1	12.9
Information Technology	12.9	9.4
Materials	2.9	6.1
Real Estate	6.0	13.9
Telecommunication Services	0.0	1.2
Utilities	7.7	11.2
Total	100.0%	100.0%

Sector and Industry classifications as determined by Heartland Advisors may reference data from sources such as FactSet Research Systems Inc. or the Global Industry Classification Codes (GICS) developed by Standard & Poor's and Morgan Stanley Capital International.

Data Source: Heartland Advisors, Inc., and Copyright 2017 FactSet Research Systems Inc, FactSet Fundamentals. All rights reserved.

¹Forward 2017 estimated earnings. ²Weighted average. ³Dun & Bradstreet is excluded because its open market stock repurchases have made the company's total equity negative, resulting in an excessively high debt ratio that is not reflective of D&B's investment grade credit rating based on Heartland Advisors' beliefs.

Certain security valuations and forward estimates are based on Heartland Advisors' calculations. Any forecasts may not prove to be true. Economic predictions are based on estimates and are subject to change.

INVESTMENT PHILOSOPHY

The Mid Cap Value Strategy seeks long-term capital appreciation by investing in mid-size companies as defined by the market capitalization range of the Russell Midcap® Index. This focused portfolio seeks companies with strong underlying business franchises priced at a discount to their intrinsic worth that have temporarily fallen out of favor.

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 generally 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

- 30-60 stocks
- Individual stocks generally 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
- Long-term investment horizon

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

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Past performance does not guarantee future results. Current performance may differ due to market volatility. Portfolio holdings are subject to change.

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



HEARTLAND ADVISORS
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MID CAP VALUE COMPOSITE

As of December 31	Number of Accounts	Market Value (\$ Millions)	Total Firm Assets (\$ Millions)	Firm Assets in Composite (%)	Asset-Weighted Dispersion (%)	Annualized Turnover (%) [†]	3-Year Standard Deviation (%)	
							Composite	Russell Midcap [®] Value Index
2016	7	12.9	1966.6	0.65	0.28	70.1	12.51	11.30
2015	9	12.8	2691.3	0.48	0.10	47.7	12.34	10.71
2014	9	13.0	5351.2	0.25	0.26	36.0	11.40	9.81
2013	7	9.4	6056.6	0.16	N/A	73.3	15.12	13.69
2012	2	3.6	5245.1	0.07	N/A	21.1	17.64	16.76
2011	1	4.1	4864.2	0.08	N/A	51.1	21.24	22.78
2010	2	6.4	4636.1	0.14	N/A	85.2	N/A	N/A
2009	1	4.2	3156.1	0.13	N/A	72.9	N/A	N/A
2008	1	3.2	2296.9	0.13	N/A	68.7	N/A	N/A
2007	1	4.3	2880.9	0.15	N/A	66.9	N/A	N/A

TOTAL RETURNS AS OF MARCH 31, 2017

Annualized Returns	Mid Cap Value Composite (Net of advisory fees)	Russell Midcap [®] Value Index**	S&P MidCap [®] 400 Index**
Inception*	12.00%	10.95%	11.54%
Ten	9.67	7.47	8.96
Five	13.75	14.07	13.32
Three	9.42	8.94	9.36
One	28.78	19.82	20.92

Cumulative Returns	Mid Cap Value Composite (Net of advisory fees)	Russell Midcap [®] Value Index**	S&P MidCap [®] 400 Index**
Inception*	920.95%	741.70%	837.64%
Ten	151.67	105.59	135.96
Five	90.45	93.13	86.85
Three	31.02	29.30	30.79
One	28.78	19.82	20.92

Annual Returns	Mid Cap Value Composite (Net of advisory fees)	Russell Midcap [®] Value Index**	S&P MidCap [®] 400 Index**
2016	28.25%	20.00%	20.74%
2015	-6.64	-4.78	-2.18
2014	10.78	14.75	9.77
2013	39.46	33.46	33.50
2012	10.49	18.51	17.88
2011	-7.72	-1.38	-1.73
2010	25.29	24.75	26.65
2009	35.14	34.21	37.39
2008	-22.19	-38.44	-36.22
2007	5.13	-1.42	7.98

*9-30-96 **See Note 7 in Accompanying Notes. [†]Shown as supplemental information. Data Source: FactSet Research Systems Inc., Russell[®] Standard & Poor's and Heartland Advisors, Inc.

The Mid Cap Value Strategy invests in mid-sized companies selected on a value basis. Mid-sized securities generally are more volatile and less liquid than those of larger companies. Value investments are subject to the risk that their intrinsic values may not be recognized by the broad market.

Alpha is an annual measure of a portfolio's return in excess of the market return, both adjusted for risk. It is a measure of the manager's contribution to performance due to security selection. A positive annual Alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative annual Alpha indicates the portfolio did worse than the market. **Beta** is a measure of the sensitivity of a portfolio's rates of return against those of the market. A Beta less than 1.00 indicates volatility less than that of the market. **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. **Price/Earnings Ratio** of a stock is calculated by dividing the current price of the stock by its trailing 12 months' earnings per share. **Real Estate Investment Trust (REIT)** is a security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or mortgages. **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. **Total Debt/Total Capitalization Ratio** of a stock is calculated by dividing the short- and long-term debt obligations of the company by its total capital, which is represented by the company's debt and shareholders' equity, which includes common stock, preferred stock, minority interest and net debt.

Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell[®] is a trademark of Russell Investment Group.

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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 January 1, 1993 through December 31, 2015. 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 Mid Cap Value composite has been examined for the periods December 31, 2003 through December 31, 2015. The verification and performance examination reports are available upon request. Periods after December 31, 2015 have not yet been verified.
- This composite was created in 1993 and consists of fully discretionary equity portfolios primarily invested in mid-capitalization companies, as defined by those in the market capitalization range of the Russell MidCap[®] Index. The minimum account size for this composite is \$500,000. Accounts that fall below the minimum due to depreciation are only removed from the composite when their balance falls below \$375,000.
- The investment management fee schedule for the 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 Midcap Value Index since March 31, 2010. The benchmark was changed in conjunction with enhancements made to the respective investment policy statements. Prior to this date the composite was measured against the S&P Midcap 400 Index. The Russell Midcap Value Index measures the performance of the midcap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values. The S&P MidCap 400 Index is a group of 400 domestic stocks chosen for their market size, liquidity and industry group representation. All indices are unmanaged. It is not possible to invest directly in an index. The index performance was taken from published sources and is not covered by the report of independent accountants.
- Client portfolios included in the composite are managed by multiple portfolio managers whose investment management styles may differ. In addition, 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.
- As of October 2015, accounts with a flow greater than 20% of the portfolio market value are excluded for the month.
- A complete list and description of the Firm's composites and additional information regarding policies for valuing portfolios, calculating performance, and preparing compliance presentations 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.