

# HEARTLAND MID CAP VALUE FUND

March 31, 2018



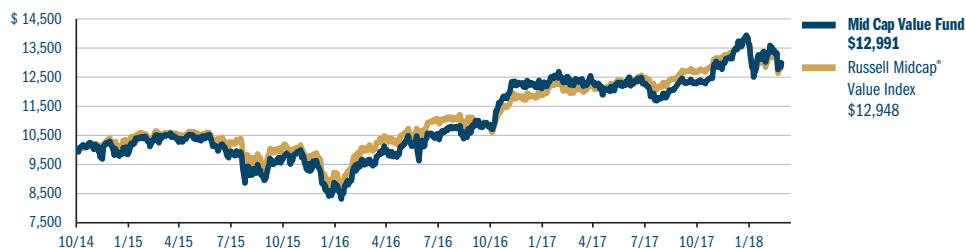
## PORTFOLIO MANAGEMENT TEAM AND INDUSTRY EXPERIENCE

Will Nasgovitz - 17 yrs  
Colin McWey, CFA - 15

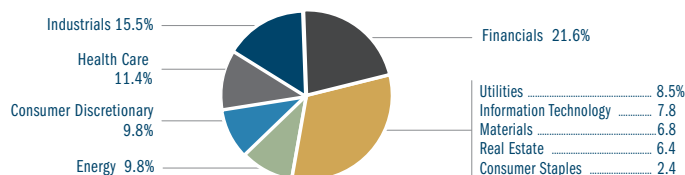
Seeks long-term capital appreciation by investing in mid-cap, dividend-paying companies

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

(Investor Class, Since Inception: October 31, 2014)



## SECTOR ALLOCATION



Sector and Industry classifications as determined by Heartland Advisors may reference data from sources such as FactSet Research Systems Inc. Sector weights are a percent of equity investments and subject to change.

## VALUATION ANALYSIS (Equity Securities Only, Weighted Median Unless Otherwise Noted)



## AVERAGE ANNUAL TOTAL RETURNS (Annualized for Multi-Year Periods)

| As of March 31, 2018                   | Since Inception | Three Year | One Year | Year-To-Date | 1Q 2018 |
|----------------------------------------|-----------------|------------|----------|--------------|---------|
| Mid Cap Value Fund Investor Class      | 7.97%           | 7.52%      | 4.37%    | -1.08%       | -1.08%  |
| Mid Cap Value Fund Institutional Class | 8.25            | 7.79       | 4.63     | -1.00        | -1.00   |
| Russell Midcap Value Index             | 7.85            | 7.23       | 6.50     | -2.50        | -2.50   |

<sup>1</sup>Weighted average. <sup>2</sup>Dun & 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. The inception date for the Mid Cap Value Fund is 10/31/2014 for the investor and institutional class.

Index Source: FactSet Research Systems Inc. and Russell.

**In the prospectus dated 5/1/2017, the Net Fund Operating Expenses for the investor and institutional classes are 1.25% and 0.99%, respectively. The Advisor has contractually agreed to waive its management fees and/or reimburse expenses of the Fund to ensure that Net Fund Operating Expenses for the Fund do not exceed 1.25% of the Fund's average net assets for the investor class shares and 0.99% for the institutional class shares, through at least 5/1/2019, and subject thereafter to annual reapproval of the agreement by the Board of Directors. Without such waiver and/or reimbursements, the Gross Fund Operating Expenses would be 3.22% for the investor class shares and 3.46% for the institutional class shares.**

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. 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. To obtain performance through the most recent month end, call 800-432-7856 or visit [heartlandadvisors.com](http://heartlandadvisors.com).

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.

## HEARTLAND MID CAP VALUE FUND

|                        | Investor Class | Institutional Class |
|------------------------|----------------|---------------------|
| Ticker                 | HRMDX          | HNMDX               |
| CUSIP                  | 422352815      | 422352799           |
| NAV                    | \$11.86        | \$11.87             |
| Initial Investment     | 1,000          | 500,000             |
| Subsequent Investment  | 100            | 100                 |
| IRA Initial Investment | 500            | 500,000             |

## PORTFOLIO STATISTICS

|                                       |            |
|---------------------------------------|------------|
| Number of Holdings*                   | 49         |
| Net Assets                            | \$7.7 mil. |
| Median Market Cap                     | 10.4 bil.  |
| Weighted Average Market Cap           | 13.4 bil.  |
| Holdings in Dividend Paying Companies | 87.8%      |

## CAPITALIZATION BREAKDOWN

(% of Equity Investments)

|                       |      |
|-----------------------|------|
| > \$15 bil.           | 32.2 |
| \$2 bil. - \$15 bil.  | 66.5 |
| \$300 mil. - \$2 bil. | 1.3  |
| < \$300 mil.          | 0.0  |

The above breakdown does not include short-term investments.

## TOP HOLDINGS\* (% of Net Assets)

|                                |      |
|--------------------------------|------|
| Exelon Corporation             | 4.51 |
| First Energy Corp.             | 3.77 |
| SunTrust Banks, Inc.           | 3.61 |
| Popular, Inc.                  | 3.55 |
| CA, Inc.                       | 3.18 |
| Quest Diagnostics Incorporated | 3.08 |
| Avnet, Inc.                    | 3.05 |
| CNA Financial Corporation      | 2.86 |
| Franklin Resources, Inc.       | 2.84 |
| National Oilwell Varco, Inc.   | 2.79 |

\*Portfolio holdings exclude cash equivalents. Current and future holdings are subject to change and risk. For a complete list of the Fund's portfolio securities visit [heartlandadvisors.com](http://heartlandadvisors.com).



HEARTLAND FUNDS  
AMERICA'S VALUE INVESTOR

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# HEARTLAND MID CAP VALUE FUND

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Do you have questions?

Call us at 800-432-7856

## INVESTMENT STRATEGY/DISTINGUISHING CHARACTERISTIC

The Mid Cap Value Fund seeks long-term capital appreciation. It invests in mid-size, dividend paying companies with a market cap range defined by the Russell Midcap® Index. The Fund utilizes Heartland's disciplined and time-tested 10 Principles of Value Investing™, designed to capture upside potential while minimizing downside risk.

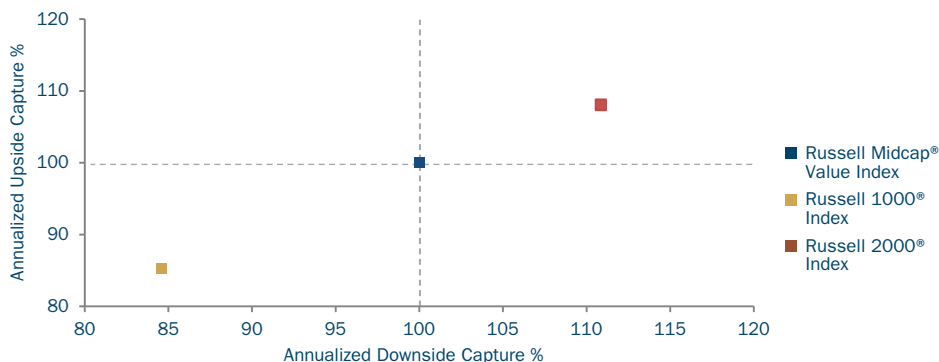
## HEARTLAND'S 10 PRINCIPLES OF VALUE INVESTING™



## ATTRACTIVE VALUATIONS WITH EXCESS RETURNS

|                             | For the Ten Years Ended 12/31/2017                   |                   | As of 12/31/2017 |                                 |
|-----------------------------|------------------------------------------------------|-------------------|------------------|---------------------------------|
|                             | Average Price Earnings (fiscal year forward 12 mos.) | Annualized Return | Dividend Yield   | Dividend Payers (% of Holdings) |
| Russell Midcap® Value Index | 16.22x                                               | 9.10%             | 2.2%             | 75%                             |
| Russell 1000® Index         | 16.60                                                | 8.59              | 1.8              | 71                              |
| Russell 2000® Index         | 19.00                                                | 8.71              | 1.3              | 43                              |

## ANNUALIZED UPSIDE CAPTURE VS. ANNUALIZED DOWNSIDE CAPTURE, 12/31/2007 TO 12/31/2017



Source: FactSet Research Systems Inc., Russell® and Heartland Advisors, Inc.

Past performance is no guarantee of future results.

## THREE YEAR RISK STATISTICS

|                             | Annualized Alpha vs. Market | Annualized Standard Deviation (%) | Beta vs. Market | Information Ratio vs. Market | Sharpe Ratio | Active Share | R-Squared (%) |
|-----------------------------|-----------------------------|-----------------------------------|-----------------|------------------------------|--------------|--------------|---------------|
| Mid Cap Value Fund          | 0.08                        | 12.03                             | 1.05            | 0.06                         | 0.58         | 92.35        | 85.16         |
| Russell Midcap® Value Index | n/a                         | 10.60                             | 1.00            | n/a                          | 0.63         | n/a          | 100.00        |

Source: FactSet Research Systems Inc., and Russell®, as of 3/31/2018. Market is defined as the Russell 1000® Index.

Data Sourced from FactSet: Copyright 2018 FactSet Research Systems Inc, FactSet Fundamentals. All rights reserved.

Heartland Advisors defines market cap ranges by the following indices: micro-cap by the Russell Microcap®, small-cap by the Russell 2000®, mid-cap by the Russell Midcap®, large-cap by the Russell Top 200®.

**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 800-432-7856 or visit heartlandadvisors.com. Please read the prospectus carefully before investing.**

CFA® is a registered trademark owned by the CFA Institute. The members of the portfolio management team are registered representatives of ALPS Distributors, Inc.

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## DEFINITIONS

**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.

**Correlation** is a statistical measure of how two securities move in relation to one another. A measure of 1 means the securities are highly correlated and move in conjunction. A measure of 0 means the securities are not at all correlated and do not move in conjunction.

**Information Ratio** of a manager series vs. a benchmark series is the quotient of the annualized excess return and the annualized standard deviation of excess return. The Information Ratio measures the consistency with which a manager beats a benchmark.

**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 or its forward 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.

**R-Squared** is a statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index.

**Sharpe Ratio** is the average return, less the risk-free return, divided by the standard deviation of return. The ratio measures the relationship of reward to risk in an investment strategy.

**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.

**Upside Capture/Downside Capture vs. Market** is a measure used to evaluate how well a manager or index performed (gained more or lost less) relative to another index during periods when that index rose or fell.

**Russell 1000® Index** measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000® represents approximately 92% of the U.S. market.

**Russell 2000® Index** includes the 2000 firms from the Russell 3000® Index with the smallest market capitalizations.

**Russell Midcap® Value Index** measures the performance of those Russell Midcap® Index companies with lower price-to-book ratios and lower forecasted growth characteristics.

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

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

## INVESTMENT CONSIDERATIONS

The Mid Cap Value Fund 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. The Fund also invests in mid-sized companies on a value basis. Mid-sized securities generally are more volatile and less liquid than those of larger companies. There can be no assurance that the Fund will grow to or maintain an economically viable size, in which case the Board of Directors may determine to liquidate the Fund. There is no assurance that dividend paying stocks will mitigate volatility. Value investments are subject to the risk that their intrinsic value may not be recognized by the broad market.

## INVESTMENT GOAL

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