
QUARTERLY REPORT

December 31, 2020

FMI Large Cap Fund

Investor Class (Ticker Symbol: FMIHX)

Institutional Class (Ticker Symbol: FMIQX)

FMI Common Stock Fund

Investor Class (Ticker Symbol: FMIMX)

Institutional Class (Ticker Symbol: FMIUX)

FMI International Fund

Investor Class (Ticker Symbol: FMIX)

Institutional Class (Ticker Symbol: FMIX)

FMI International Fund II – Currency Unhedged

Investor Class (Not Available For Sale)

Institutional Class (Ticker Symbol: FMIFX)



FMI Funds, Inc.

Advised by Fiduciary Management, Inc.

www.fmifunds.com

FMI Funds, Inc.
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FMI Large Cap Fund

December 31, 2020

Dear Fellow Shareholders:

The FMI Large Cap Fund (“Fund”) gained 15.81%¹ in the fourth quarter compared to 12.15% for the Standard & Poor’s 500 Index (S&P 500), and 16.25% for the Russell 1000 Value Index. Compared to the S&P 500, sectors that helped during the quarter included Finance, Retail Trade, and Consumer Durables. The Charles Schwab Corp., Dollar Tree Inc., and Sony Corp. gained considerably in the period. Sectors that hurt the Fund relative to the S&P 500 included Consumer Non-Durables, Producer Manufacturing, and Health Services. Unilever PLC, Quest Diagnostics Inc., and Masco Corp. detracted from relative performance in the December quarter, as did our lack of exposure to Energy Minerals. For the calendar year, the Fund underperformed the growth stock-driven S&P 500 and outperformed the Russell 1000 Value Index.

Value strategies rebounded in the fourth quarter, but results were uneven. The intermediate to longer-term outlook for value looks promising, at least on a relative basis. Vaccine deployment and the natural course of COVID-19 (down dramatically) in areas that have been hit hard are encouraging. Bernstein models, which have been good so far, show the virus essentially disappearing by summer. Dr. Fauci and other experts’ estimates are a few months later. As the virus recedes, confidence should improve, and demand is likely to recover. Higher GDP growth, higher employment, and greater loan demand could change the locus for interest rates, inflation, and value-oriented shares. Growth stocks have been the prime beneficiary of low inflation, unprecedented interest rates, and coronavirus lockdowns, not to mention massive speculation. If history is any guide, there will be some comeuppance in overpriced shares. This bodes well for the value trade, though it remains to be seen whether it will be an absolute or relative win.

Over-exuberance eventually gets punished in capital markets. The fact that it hasn’t in recent years doesn’t mean that it won’t. Riding the winners and buying the dips has worked very well, but there is no historical precedent for the “winners” to continue to win year-after-year. Any asset, no matter how exciting, can become overvalued. Today, it seems as if many investors don’t draw the connection between fundamental results and stock prices. To them, stocks are simply pieces of paper that go higher. The crazier the action in stocks like Tesla, Inc., the more likely the fever will break, ushering in a period of value outperformance. Tesla was up 743% on the year and 64% for the quarter. When a barely profitable company competing in a cut throat industry with nearly all competitors gearing up their electric vehicles trades at approximately 21 times sales (the very best players trade at roughly one times) and

¹ The FMI Large Cap Fund Investor Class (FMIHX) had a return of 15.81%, and the FMI Large Cap Fund Institutional Class (FMIQX), a return of 15.82% for the fourth quarter of 2020.

garners over a \$650 billion market value, you know investors may have lost touch with reason. *But it's a technology company, dummy!* Indeed. It is also noteworthy, and equally remarkable, that a SPAC (special purpose acquisition corporation) recently acquired a promising solid-state battery technology company with no revenue (and none expected until 2025). According to *Barron's*, in December, this company, QuantumScape Corp., had a \$59 billion market value, which was bigger than that of both Ford Motor Company and General Motors Company. Recent IPOs DoorDash Inc., Airbnb Inc., and Snowflake Inc., gained 86%, 113%, and 112%, respectively, on their first trading day. These stocks lose money, of course, but unlike 1999 -- when most exciting tech names typically came public with a few billion dollars in market cap -- today's crop is truly gargantuan. Tesla is the sixth largest market cap company in the S&P 500. DoorDash, Airbnb, and Snowflake had market values of \$72 billion, \$129 billion, and \$153 billion, respectively. Snowflake's price-to-sales ratio looks like a good bowling score.

The pressure to perform is so great that we are seeing things that are certainly remarkable, if not surreal. One well-known value investor, who even wrote a book on the subject, has firm-level holdings where the top six positions are Apple Inc., Facebook Inc., Amazon.com Inc., Oracle Corp., Alphabet Inc., and Microsoft Corp. Another notable value shop shows 9/30/20 top ten holdings (with a 50% weighting) in their U.S. Value Fund to be Amazon, Microsoft, Alphabet, Facebook,

Apple, PayPal Holdings Inc., Salesforce.com Inc., Visa Inc., MasterCard Inc., and Alibaba Group Holding Ltd. In 2020, the widely-followed domestic growth indices have outpaced the value indices by over 30%. Perhaps the humorous meme above sent to us recently captures the sentiment of the day.

The incredible gain in the largest S&P 500 stocks, particularly the technology-related issues, has already been well-documented. The speculative move in the small cap universe in the December 2020 quarter (after a COVID-19 rebound in the second and third quarters), however, was equally breathtaking. Using the iShares ETF for comparative purposes, there were 185 companies in the Russell 2000 that were up over 75% in the quarter. Of this, nearly 80% were money-losers. It appears that fourth quarter performance in small caps was mainly driven by lower-quality COVID-19 rebound beneficiaries (weak retailers like Macy's Inc., now a small cap, was up 97% in the quarter) along with "lottery ticket" biotech stocks. Twenty-nine Health Technology companies in the index gained over 100% in the quarter, including Solid Biosciences



Inc., which gained 273%. Approximately 88% of the Health Technology sector companies lose money. FOMO (fear of missing out) was on full display. On a weighted average basis, the iShares Russell 2000 trades at an astronomical 27 times enterprise value-to-EBITDA (EV/EBITDA),² 7.5 times price-to-sales (P/S) and a 39.8 times price-to-earnings (P/E) ratio on 2020 estimated earnings.³ Both small and large cap valuations may be the highest we have ever experienced.

Bitcoin USD gained 305% in 2020, including a 171% move in the fourth quarter. We had to chuckle reading a recent quip by David Rosenberg, one of our favorite economists and market commentators, about Bitcoin:

I did a small experiment yesterday and tweeted that Bitcoin is in a bubble – the reaction was visceral (you should view the troller comments – I may need a bodyguard!). It reminded me of how the intelligentsia responded to the calls of “tech bubble” in 1999 and “housing bubble” in 2006. When investment debates become personal and emotional, you know you are in a huge bubble. [...] Bitcoin – wow! It’s become somewhere between a cult and religion.

We don’t yet have a house opinion on Bitcoin, although we would lean toward gold when it comes to an enduring, sound currency (Bitcoin earrings also leave a lot to be desired!). There currently appear to be approximately 6,700 crypto currencies in existence, up from roughly 2,000 at the start of 2020. The total market value has exploded from under \$200 billion at the start of the year to roughly \$646 billion in late December. The last time Bitcoin spiked like this (late 2017), it fell approximately 80% the following year. It certainly has the characteristics of a bubble, but the boom isn’t happening in a vacuum. Central bankers printing money at a harried rate has historically spelled debasement and inflation. Storing wealth outside of the traditional fiat money framework is understandable.

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The bond market has a similar “suspension of reality” feel to it. Approximately \$18 trillion of debt is trading with a negative yield. That is roughly 26% of all investment grade debt, according to Bloomberg. Imagine paying Portugal, Spain, and Italy to borrow money! Central banks printing money and fiscal authorities borrowing at unheard of levels, with little consideration for the potential long-term consequences, are mind-blowing. Modern Monetary Theory is misnamed -- it isn't a theory anymore. Investors quite clearly don't expect to ever have to pay the piper. Moreover, economic growth has been weak wherever negative real rates have prevailed (for decades in Japan), calling into question the whole premise on whether monetary accommodation works.

Despite the madness of the financial markets, we want to emphasize the notion that directionally, the stock market may be signaling a positive progression in the economy. Ironically, that could be the undoing of the growth stock surge, as weak macro conditions in recent years -- particularly in 2020 due to the coronavirus fallout -- have created a perfect storm for markets to reward the relatively few companies with good growth. We think the probability is high that the virus will be largely in the rearview mirror within two to three quarters. Pent-up demand across multiple sectors will be addressed, and the financial wherewithal to fund this demand and capital investments is abundant. Employment should improve. It is hard to imagine, in such an environment, that interest rates and inflation won't begin to normalize. Trillions of dollars of Fed credit will be multiplied many times over as it is deployed in the commercial banking system. The probability of a pick-up in inflation is nontrivial, though with a few notable exceptions, few believe it will happen. Our best guess is that many areas of the economy that have been weak will improve. This should play into value stocks outperforming. A bigger element in value winning will be rates. Growth stocks have been winning primarily because growth rate expectations have been high and the discount rate for far-into-the-future earnings has been low. A meaningful rise in rates could be devastating for long-duration growth stocks. The inevitable slowing of earnings growth for the vaunted names will also play a role. Many of these companies are so large now that truly extraordinary things must happen to move the needle. Apple needs to find \$28 billion of new business to grow 10%. Amazon needs to grow \$38 billion to show a similar growth rate. That is equivalent to adding an entire Nike Inc. in one year! Any sustained loss in momentum on the part of the growth stocks could trigger fund flows to slow and even reverse, helping the relative performance of the more neglected stocks.



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The timing for the start of a much better economy really depends on how people muddle through the next several months. The latest COVID-19 surge may buckle the economy in the short run if policy responses remain severe. The logistics of administering tens of millions of inoculations could be a short-term problem, and a surprising number of people are saying they will not get a vaccine. Eventually all of this will get sorted out and the economy should rebound smartly. The cost of capital simply cannot stay at ground-hugging levels forever. Investors, private equity managers, corporate mergers & acquisitions teams, and borrowers have all gotten fat on a condition that is more than two standard deviations from the mean. Even a modest normalization of rates, and a recognition that equities are risky, will change the cost of capital significantly, setting up the conditions for a great value run. Our philosophy and strategy had a remarkable half-decade run after the tech bubble burst in early 2000. As the small print says, past performance is no guarantee of future performance, but we are confident that a commonsense value approach will win over the long term.

On December 18, 2020, the Fund's Board of Directors declared a distribution payable on December 18, 2020 to shareholders of record on December 17, 2020 as follows:

<u>Class</u>	<u>Ticker</u>	<u>Income</u>	<u>Short-Term Capital Gain</u>	<u>Long-Term Capital Gain</u>	<u>Total Distribution</u>
Investor Class	FMIHX	\$0.30347864	\$0.00235	\$1.94850	\$2.25432864
Institutional Class	FMIQX	\$0.33423844	\$0.00235	\$1.94850	\$2.28508844

Thank you for your confidence in the FMI Large Cap Fund.

FMI Large Cap Fund
STATEMENT OF NET ASSETS
December 31, 2020 (Unaudited)

<u>Shares</u>		<u>Value (b)</u>
COMMON STOCKS — 97.5% (a)		
COMMERCIAL SERVICES SECTOR — 2.5%		
	Advertising/Marketing Services — 2.5%	
1,335,000	Omnicom Group Inc.	\$ 83,263,950
CONSUMER DURABLES SECTOR — 4.4%		
	Electronics/Appliances — 4.4%	
1,460,000	Sony Corp. — SP-ADR*	147,606,000
CONSUMER NON-DURABLES SECTOR — 8.0%		
	Beverages: Non-Alcoholic — 2.3%	
525,000	PepsiCo Inc.	77,857,500
	Food: Major Diversified — 2.1%	
600,000	Nestlé S.A. — SP-ADR	70,680,000
	Household/Personal Care — 3.6%	
2,045,000	Unilever PLC — SP-ADR	123,436,200
CONSUMER SERVICES SECTOR — 8.4%		
	Cable/Satellite TV — 4.5%	
2,900,000	Comcast Corp. — CI A	151,960,000
	Other Consumer Services — 3.9%	
60,000	Booking Holdings Inc.*	133,636,200
ELECTRONIC TECHNOLOGY SECTOR — 2.5%		
	Semiconductors — 2.5%	
1,115,000	Micron Technology Inc.*	83,825,700
FINANCE SECTOR — 22.1%		
	Investment Banks/Brokers — 3.6%	
2,310,000	The Charles Schwab Corp.	122,522,400
	Major Banks — 3.2%	
855,000	JPMorgan Chase & Co.	108,644,850
	Multi-Line Insurance — 6.4%	
940,000	Berkshire Hathaway Inc. — CI B*	217,957,800
	Property/Casualty Insurance — 6.2%	
825,000	Chubb Ltd.	126,984,000
845,000	Progressive Corp.	83,553,600
		<u>210,537,600</u>
	Regional Banks — 2.7%	
1,000,000	Northern Trust Corp.	93,140,000
HEALTH SERVICES SECTOR — 8.0%		
	Health Industry Services — 4.2%	
1,205,000	Quest Diagnostics Inc.	143,599,850
	Managed Health Care — 3.8%	
365,000	UnitedHealth Group Inc.	127,998,200

FMI Large Cap Fund

STATEMENT OF NET ASSETS (Continued)

December 31, 2020 (Unaudited)

<u>Shares</u>		<u>Value (b)</u>
COMMON STOCKS — 97.5% (a) (Continued)		
HEALTH TECHNOLOGY SECTOR — 5.7%		
Medical Specialties — 5.7%		
2,100,000	Koninklijke Philips N.V. — SP-ADR*	\$ 113,757,000
1,870,000	Smith & Nephew PLC — SP-ADR	78,857,900
		<u>192,614,900</u>
INDUSTRIAL SERVICES SECTOR — 1.4%		
Oilfield Services/Equipment — 1.4%		
2,200,000	Schlumberger Ltd.	48,026,000
PROCESS INDUSTRIES SECTOR — 3.0%		
Industrial Specialties — 3.0%		
700,000	PPG Industries Inc.	100,954,000
PRODUCER MANUFACTURING SECTOR — 15.6%		
Building Products — 4.7%		
2,930,000	Masco Corp.	160,944,900
Electrical Products — 4.7%		
940,000	Eaton Corp. PLC	112,931,600
575,000	Emerson Electric Co.	46,212,750
		<u>159,144,350</u>
Industrial Conglomerates — 3.5%		
550,000	Honeywell International Inc.	116,985,000
Trucks/Construction/Farm Machinery — 2.7%		
1,070,000	PACCAR Inc.	92,319,600
RETAIL TRADE SECTOR — 11.9%		
Apparel/Footwear Retail — 3.3%		
1,640,000	The TJX Companies Inc.	111,995,600
Discount Stores — 8.6%		
725,000	Dollar General Corp.	152,467,500
1,300,000	Dollar Tree Inc.*	140,452,000
		<u>292,919,500</u>
TECHNOLOGY SERVICES SECTOR — 2.0%		
Information Technology Services — 2.0%		
255,000	Accenture PLC	66,608,550
TRANSPORTATION SECTOR — 2.0%		
Air Freight/Couriers — 2.0%		
720,000	Expeditors International of Washington Inc.	68,479,200
	Total common stocks	<u>3,307,657,850</u>

FMI Common Stock Fund

December 31, 2020

Dear Fellow Shareholders:

The FMI Common Stock Fund (“Fund”) gained 24.90%¹ in the fourth quarter compared to 31.37% for the Russell 2000 Index, and 33.36% for the Russell 2000 Value Index. Compared to the Russell 2000, sectors that helped during the quarter included Utilities, Consumer Durables, and Retail Trade. Ryder System Inc., Zions Bancorporation, and HD Supply Holdings Inc. gained considerably in the period. HD Supply was acquired by Home Depot, a transaction that closed in late December. Sectors that hurt relative to the Russell 2000 included Commercial Services, Electronic Technology, and Health Technology. Residual cash was also a drag in the December period. Genpact Ltd., FTI Consulting Inc., and W.R. Berkley Corp. detracted from relative performance in the December quarter. For the calendar year, the Fund underperformed the growth stock driven Russell 2000 and outperformed the Russell 2000 Value.

Value strategies rebounded in the fourth quarter, but results were uneven. The intermediate to longer-term outlook for value looks promising, at least on a relative basis. Vaccine deployment and the natural course of COVID-19 (down dramatically) in areas that have been hit hard are encouraging. Bernstein models, which have been good so far, show the virus essentially disappearing by summer. Dr. Fauci and other experts’ estimates are a few months later. As the virus recedes, confidence should improve, and demand is likely to recover. Higher GDP growth, higher employment, and greater loan demand could change the locus for interest rates, inflation, and value-oriented shares. Growth stocks have been the prime beneficiary of low inflation, unprecedented interest rates, and coronavirus lockdowns, not to mention massive speculation. If history is any guide, there will be some comeuppance in overpriced shares. This bodes well for the value trade, though it remains to be seen whether it will be an absolute or relative win.

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Investor Class	FMIMX	\$0.21025318	\$0.00000	\$0.00000	\$0.21025318
Institutional Class	FMIUX	\$0.23387644	\$0.00000	\$0.00000	\$0.23387644

Thank you for your confidence in the FMI Common Stock Fund.

FMI Common Stock Fund
STATEMENT OF NET ASSETS
December 31, 2020 (Unaudited)

<u>Shares</u>		<u>Value (b)</u>
COMMON STOCKS — 96.3% (a)		
COMMERCIAL SERVICES SECTOR — 18.0%		
Advertising/Marketing Services — 3.7%		
1,275,000	Interpublic Group of Cos. Inc.	\$ 29,988,000
Miscellaneous Commercial Services — 8.7%		
315,000	CDK Global Inc.	16,326,450
160,000	FTI Consulting Inc.*	17,875,200
890,000	Genpact Ltd.	36,810,400
		<u>71,012,050</u>
Personnel Services — 5.6%		
160,000	ManpowerGroup Inc.	14,428,800
495,000	Robert Half International Inc.	30,927,600
		<u>45,356,400</u>
CONSUMER SERVICES SECTOR — 2.9%		
Other Consumer Services — 2.9%		
45,000	Graham Holdings Co.	24,002,100
DISTRIBUTION SERVICES SECTOR — 8.2%		
Electronics Distributors — 3.6%		
300,000	Arrow Electronics Inc.*	29,190,000
Medical Distributors — 2.5%		
305,000	Henry Schein Inc.*	20,392,300
Wholesale Distributors — 2.1%		
225,000	Applied Industrial Technologies Inc.	17,547,750
ELECTRONIC TECHNOLOGY SECTOR — 5.4%		
Aerospace & Defense — 1.4%		
67,000	Huntington Ingalls Industries Inc.	11,422,160
Electronic Components — 4.0%		
665,000	nVent Electric PLC	15,487,850
217,000	Plexus Corp.*	16,971,570
		<u>32,459,420</u>
FINANCE SECTOR — 25.3%		
Finance/Rental/Leasing — 7.9%		
528,000	FirstCash Inc.	36,981,120
440,000	Ryder System Inc.	27,174,400
		<u>64,155,520</u>
Investment Banks/Brokers — 3.5%		
420,000	Houlihan Lokey Inc.	28,236,600
Life/Health Insurance — 1.6%		
95,000	Primerica Inc.	12,723,350
Multi-Line Insurance — 1.3%		
11,000	White Mountains Insurance Group Ltd.	11,007,260
Property/Casualty Insurance — 2.6%		
320,000	W.R. Berkley Corp.	21,254,400

FMI Common Stock Fund
STATEMENT OF NET ASSETS (Continued)
December 31, 2020 (Unaudited)

<u>Shares</u>		<u>Value (b)</u>
COMMON STOCKS — 96.3% (a) (Continued)		
FINANCE SECTOR — 25.3% (Continued)		
Real Estate Development — 4.8%		
240,000	The Howard Hughes Corp.*	\$ 18,943,200
1,150,000	Kennedy-Wilson Holdings Inc.	<u>20,573,500</u>
		39,516,700
Regional Banks — 3.6%		
670,000	Zions Bancorporation N.A.	29,104,800
HEALTH TECHNOLOGY SECTOR — 3.5%		
Medical Specialties — 2.8%		
440,000	Dentsply Sirona Inc.	23,038,400
Pharmaceuticals: Major — 0.7%		
290,000	Phibro Animal Health Corp.	5,631,800
PROCESS INDUSTRIES SECTOR — 7.8%		
Containers/Packaging — 5.4%		
285,000	Avery Dennison Corp.	44,206,350
Industrial Specialties — 2.4%		
350,000	Donaldson Co. Inc.	19,558,000
PRODUCER MANUFACTURING SECTOR — 21.7%		
Building Products — 2.6%		
150,000	A.O. Smith Corp.	8,223,000
180,000	Armstrong World Industries Inc.	<u>13,390,200</u>
		21,613,200
Industrial Machinery — 6.1%		
170,000	EnPro Industries Inc.	12,838,400
530,000	Flowserve Corp.	19,530,500
140,000	Woodward Inc.	<u>17,014,200</u>
		49,383,100
Miscellaneous Manufacturing — 10.0%		
135,550	Brady Corp. CI A	7,159,751
275,000	Carlisle Cos. Inc.	42,949,500
990,000	TriMas Corp.*	<u>31,353,300</u>
		81,462,551
Trucks/Construction/Farm Machinery — 3.0%		
915,000	Trinity Industries Inc.	24,146,850
RETAIL TRADE SECTOR — 0.9%		
Specialty Stores — 0.9%		
129,994	Penske Automotive Group Inc.	7,720,344
TECHNOLOGY SERVICES SECTOR — 2.6%		
Information Technology Services — 2.6%		
275,000	Insight Enterprises Inc.*	<u>20,924,750</u>
	Total common stocks	785,054,155

FMI Common Stock Fund
STATEMENT OF NET ASSETS (Continued)
December 31, 2020 (Unaudited)

<u>Principal Amount</u>	<u>Value (b)</u>
SHORT-TERM INVESTMENTS — 4.0% (a)	
	Bank Deposit Account — 4.0%
\$32,701,964	U.S. Bank N.A., 0.03% [^]
	\$ 32,701,964
	Total short-term investments
	32,701,964
	Total investments — 100.3%
	817,756,119
	Other liabilities, less assets — (0.3%) (a)
	(2,383,388)
	TOTAL NET ASSETS — 100.0%
	<u><u>\$815,372,731</u></u>
	 Investor Class — Net Asset Value Per Share (\$0.0001 par value, 300,000,000 shares authorized), offering and redemption price (\$400,940,328 ÷ 14,537,120 shares outstanding)
	\$ 27.58
	 Institutional Class — Net Asset Value Per Share (\$0.0001 par value, 300,000,000 shares authorized), offering and redemption price (\$414,432,403 ÷ 15,012,494 shares outstanding)
	\$ 27.61

* Non-income producing security.

[^] The rate shown is as of December 31, 2020.

(a) Percentages for the various classifications relate to total net assets.

(b) Each security is valued at the current day last sale price reported by the principal security exchange on which the issue is traded. Securities that are traded on Nasdaq Markets are valued at the Nasdaq Official Closing Price, or if no sale is reported, the latest bid price. Securities that are traded over-the-counter, including U.S. Treasury securities are valued at the close price, if not close, then at the latest bid price. Bank deposits are valued at acquisition cost which approximates fair value.

PLC Public Limited Company

FMI International Fund and FMI International Fund II – Currency Unhedged

December 31, 2020

Dear Fellow Shareholders:

Before we dive into the customary details of the quarter, we are proud to announce that the FMI International strategy has reached the 10-year milestone. Our team has persevered and remains true to our value-driven investment process, generating an attractive risk-adjusted return while successfully navigating a European sovereign debt crisis, an industrial recession, Brexit, a global pandemic, and an unprecedented period of growth outperforming value by *over 65% over the last decade*. In about as challenging of a backdrop as we could have imagined, the FMI International portfolio (currency hedged) generated a robust cumulative total return of 110.47% (7.73% annualized), outpacing the MSCI EAFE Index gain of 93.47% (6.82% annualized) in local currency (LOC) and 70.96 (5.51% annualized) in U.S. Dollars (USD). We also finished well ahead of the MSCI EAFE Value Index, which returned 58.64% (4.72% annualized) in LOC and 39.33% (3.37% annualized) in USD over the same period. Depending upon the peer universe utilized, our stock picking landed somewhere between the 1st and 20th percentile of our value peers, and between the 4th and 25th percentile of our core peers. A decade of strong performance in international markets builds on FMI's distinguished 40-year domestic track record.

While value stocks have been disproportionately hard-hit by COVID-19 this year, they have finally started to show signs of life in the fourth quarter, as promising vaccine news improved the prospects for an economic recovery and sparked a substantial global stock market rally. The FMI International portfolios gained 16.94% (currency hedged)¹ and 20.58% (currency unhedged)² in the period, which compares with the MSCI EAFE Index at 11.35% in LOC and 16.05% in USD. The MSCI EAFE Value Indices increased by 14.28% in LOC and 19.20% in USD, outperforming the comparable MSCI EAFE Growth Indices -- the first time since 2018 -- picking up over 5.50%. The Electronic Technology, Health Technology, and Consumer Services sectors led the way for the FMI International portfolios, while Consumer Non-Durables, Finance, and Process Industries each detracted. Top individual performers included Samsung Electronics Co., Ltd., Booking Holdings Inc., and Chubb Ltd. as Unilever PLC, Henkel AG & Co., and Shaw

¹ The FMI International Fund [currency hedged] Investor Class (FMIJX) and the FMI International Fund [currency hedged] Institutional Class (FMIYX) had a return of 16.94% and 16.99%, respectively, for the fourth quarter of 2020.

² The FMI International Fund [currency unhedged] Institutional Class (FMIFX) had a return of 20.58% for the fourth quarter of 2020.

Communications Inc. each underperformed. In the shorter term, a weak USD weighed heavily on the hedged portfolio's performance. For the calendar 2020 year, the FMI International portfolios gained 0.06% (currency hedged)³ and 3.94% (currency unhedged).⁴

Since 1980, FMI has strived to own high-quality businesses that are well-run, have solid balance sheets, and trade at a significant discount to intrinsic value. We manage focused portfolios and look to identify durable businesses with sustainable competitive advantages and barriers to entry, and that earn an attractive return on invested capital. We invest when there is a cloud (or controversy) hovering over a company, but one that is temporary in nature and expected to clear. FMI primarily looks for companies domiciled in developed countries, which in most cases have a global footprint, including emerging markets. Market capitalizations will generally exceed \$5 billion, our long-term time horizon yields low portfolio turnover, and we offer both a hedged and unhedged vehicle. Valuation is of the utmost importance, with a keen focus on downside protection. Our objective is to generate above-average long-term returns, while taking below-average risk. We have high conviction in our process, which has thrived over many years and business cycles, and we “eat our own cooking,” investing right alongside our fellow shareholders.

To Hedge or Not to Hedge

One factor that shareholders should consider when investing overseas is currency risk. As the world's leading reserve currency, the USD has historically acted as a safe haven during periods of market distress. In 2020, the U.S. Dollar Index (DXY), which measures the value of the USD against a weighted basket of currencies used by U.S. trade partners, strengthened dramatically in March amid the COVID-19 panic, before steadily weakening over the course of the year. By year-end, DXY had fallen 6.69% in aggregate, negatively impacting the FMI International hedged performance. We believe the LOC indices (highlighted earlier) are most comparable for FMIJX/FMIYX performance, while the USD indices are most comparable to FMIFX performance. Over the full 10-year period, DXY has appreciated by 13.80% on a cumulative basis, creating a modest tailwind for our hedged portfolio.

³ The FMI International Fund [currency hedged] Investor Class (FMIJX) and the FMI International Fund [currency hedged] Institutional Class (FMIYX) had a return of 0.06% and 0.19%, respectively, for the full calendar year 2020.

⁴ The FMI International Fund [currency unhedged] Institutional Class (FMIFX) had a return of 3.94% for the full calendar year 2020.

U.S. Dollar Index (DXY)



At FMI we do not have a house-view on the future direction of the USD. Our expertise is in stock picking, not predicting currency moves. That said, long-term research suggests that investors should come to expect roughly similar returns from a hedged portfolio (versus unhedged), but with a bit less volatility. Those who want their currency exposure hedged could select the mutual fund FMIJX (investor class) or FMIYX (institutional class). For those seeking an unhedged return, we offer FMIFX (institutional class).

In the near term, the market seems to be forecasting additional weakness in the USD, as articulated by the *The Wall Street Journal* (WSJ): “The consensus view of a falling dollar is based on a big assumption: COVID-19 will be more or less conquered in the months ahead. Vaccines will allow economies around the world to return to normal within the next year, encouraging investors to step back from the relative safety of U.S. assets and invest in stocks, bonds and currencies outside the U.S.”⁵ If this prediction comes to fruition, it would bode well for international equities and cyclical value stocks alike (likely benefiting both FMI International portfolios). Alternatively, the USD could be impacted by capital flows, interest rates, relative growth, and inflation, some of which could lead to a stronger USD. Regardless, whether our shareholders want hedged or unhedged international exposure, we can provide an attractive vehicle for them.

Back Door Exposure

China populated the headlines often in the fourth quarter, as U.S. and China relations continued to remain strained. In November, the Trump administration prohibited U.S. investments in 31 Chinese companies that were deemed to be owned or controlled by the Chinese military,⁶ and in December, the U.S. Commerce Department blacklisted 60 Chinese companies “to protect U.S. national security,” which included Semiconductor Manufacturing International Corporation (SMIC), China’s biggest semiconductor chip maker.⁷

⁵ Paul Davies. “The Dollar Is Weak. Investors Bet It Will Slide Even More.” *The Wall Street Journal*, November 26, 2020.

⁶ Humeyra Pamuk, Alexandra Alper, and Idrees Ali. “Trump bans U.S. investments in companies linked to Chinese military.” *Reuters*, November 13, 2020.

⁷ “U.S. Blacklists More Than 60 Chinese Firms, Including SMIC.” *Bloomberg News*, December 17, 2020.

To date, FMI has not made direct investments in mainland China. We are not willing to compromise our process, and thus, will only invest in countries and companies where we can conduct our standard level of due diligence. We do not feel comfortable investing our shareholders' money in a country with a weak rule of law, poor levels of disclosure, a lack of management trust, questionable accounting practices and governance, and a host of other issues. While this may change over time, today our exposure to China and a number of other emerging markets has come predominantly through the geographic footprint of our developed market businesses. Currently, over 25% of our companies' revenue is generated in emerging markets.

A recent in-depth article by the WSJ epitomizes our governance concerns in China: “[President] Xi Jinping, long distrustful of the private sector, is moving assertively to bring it to heel. China’s most powerful leader in a generation wants even greater state control in the world’s second-largest economy, with private firms of all sizes expected to fall in line. The government is installing more Communist Party officials inside private firms, starving some of credit and demanding executives tailor their businesses to achieve state goals. In some cases, it is taking charge entirely of companies it regards as undisciplined, absorbing them into state-owned enterprises. [...] In September, the party issued new guidelines for private companies, reminding them to serve the state and vowing to use education and other tools to ‘continuously enhance the political consensus of private business people under the leadership of the party.’”⁸ A series of recent defaults by state-owned enterprises, several of which previously had Triple-A credit ratings,⁹ does not instill any additional confidence. To us, the reward is not currently worth the risk.

An Unsustainable Path Forward

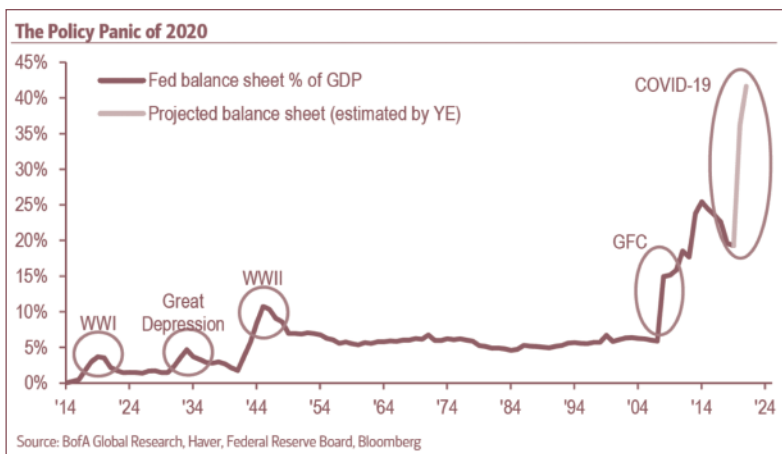
We continue to marvel at the magnitude of global central bank and government actions, and their distortive impact on price discovery. In the past nine months alone, an astounding \$22 trillion of fiscal and monetary stimulus has been announced worldwide, and central banks have spent \$1 trillion per month on financial asset purchases (a.k.a. quantitative easing, or QE), “crushing yields, volatility, and spreads, successfully inciting asset price inflation,” according to Bank of America.¹⁰ Debt has grown at an unprecedented pace, per the Institute of International Finance, with global debt levels rising \$52 trillion from 2016-20, which compares with a \$6 trillion increase from 2012-16. Total debt is expected to increase by \$15 trillion this year alone, with global debt on track to exceed a staggering \$277 trillion by year end, or 365% of GDP (from 320% at the end of 2019). Debt in advanced economies will rise by more than 50 percentage points to 432% of GDP.¹¹ These numbers are mind-boggling.

⁸ Lingling Wei. “China’s Xi Ramps Up Control of Private Sector. ‘We Have No Choice but to Follow the Party.’” *The Wall Street Journal*, December 10, 2020.

⁹ “How the Sausage is Made.” *Almost Daily Grant’s*, December 8, 2020.

¹⁰ Michael Hartnett, David Jones, and Shirley Wu. “The Flow Show: Quiz Show.” *BofA Global Research*, December 17, 2020.

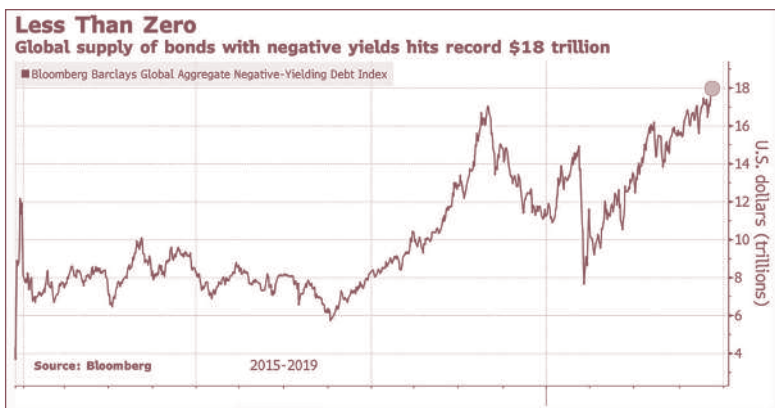
¹¹ Jonathan Wheatley. “Pandemic fuels global ‘debt tsunami.’” *Financial Times*, November 18, 2020.



Growth stock returns are heavily dependent on an interest rate environment that appears unsustainable, and there is no historical precedent for today’s exceptionally low cost of capital. Money shouldn’t be free (or worse, have a *negative yield*). Investors are typically compensated for taking on risk, not paying for the privilege. Remarkably, negative-yielding bonds reached another new record in the fourth quarter: \$18.4 trillion, accounting for over 27% of the world’s investment grade debt.¹² Real yields (adjusted for inflation) are negative for \$31 trillion of government bonds, or 76% of the sovereign debt market (versus 57% three years ago), per JPMorgan.¹³ We do not believe policy makers can just print money hand-over-fist, blow out huge budget deficits, and take on mountains of debt without serious long-term implications. Eventually, inflation and higher rates will come roaring back, especially if we get faster economic growth. The eventual fallout could include increased borrowing costs (potentially causing a credit crisis), higher discount rates (weighing more heavily on growth stocks than value stocks), and reduced purchasing power, among others.

¹² Cormac Mullen and John Ainger. “World’s Negative-Yielding Debt Pile Hits \$18 Trillion Record.” *Bloomberg*, December 10, 2020.

¹³ Anchalee Worrachate. “JPMorgan Says Real Yields Are Negative for \$31 Trillion of Bonds.” *Bloomberg News Wire*, October 8, 2020.



Proponents of these experimental policies point to Japan as the model for success, which is disconcerting. Though interest rates have remained low in Japan (while the domestic population has agreed to financial repression), what else have they achieved? Japan's GDP growth continues to lag other developed economies, it is currently the most indebted country in the world, and its stock market is far lower in 2020 than it was in 1989. If rates were to rise unexpectedly, it could create a nightmare scenario for Japan's budget deficit and the holders of Japanese government debt. We believe these monetary policies have failed for years in Japan (and elsewhere) and could end miserably for everyone trying to emulate them.

Holding Update: CK Hutchison Holdings Ltd. (1 HK)

While easy money has driven a lot of growth stocks to the moon, many value stocks continue to be stuck in the mud. In our March 31, 2020 letter, we featured CK Hutchison Holdings (CKH), a blue-chip holding company that owns relatively defensive, high-quality businesses (telecom, infrastructure, retail, etc.). The company has taken steps to unlock value in recent months, yet the stock price has barely budged. In November, CKH announced a favorable sale-and-leaseback of its European tower assets for €10 billion, equivalent to 43% of its market cap (while giving up ~5% of consolidated EBITDA).¹⁴ In addition, the company's energy segment (~3% of normalized earnings from an equity investment in Husky Energy), which had been a drag on its sentiment in recent years, is soon to be deconsolidated. Husky is merging with Cenovus, which reduces CK Hutchison's ownership of the combined entity to around 16%. These recent transactions demonstrate management's willingness to take action to create shareholder value. Despite a strong balance sheet, based on our estimates, the stock trades at a over a 60% discount to net asset value, which is more than a two standard deviation departure from its historical level. On 2021 estimated earnings, the stock trades at only ~6 times, and pays a healthy 5.1% dividend. Insiders have purchased \$34 million of stock over the past couple years, and we share their enthusiasm, as we have also been adding to our position size. In our assessment, the current stock price severely undervalues the business.

¹⁴ Earnings before interest, taxes, depreciation and amortization.

As we reflect on the last 10 years, we are proud to stand behind FMI International's performance, especially given the recent, unparalleled momentum-driven backdrop. We are confident that value investing will once again return to prominence, and until then, we will remain diligent and patient, looking for opportunities to improve the portfolio one stock at a time.

On December 18, 2020, the Fund's Board of Directors declared a distribution payable on December 18, 2020 to shareholders of record on December 17, 2020 as follows:

<u>Class</u>	<u>Ticker</u>	<u>Income</u>	<u>Short-Term Capital Gain</u>	<u>Long-Term Capital Gain</u>	<u>Total Distribution</u>
Investor Class	FMIJX	\$0.00000000	\$0.00000	\$0.00000	\$0.00000000
Institutional Class	FMIYX	\$0.00000000	\$0.00000	\$0.00000	\$0.00000000

<u>Class</u>	<u>Ticker</u>	<u>Income</u>	<u>Short-Term Capital Gain</u>	<u>Long-Term Capital Gain</u>	<u>Total Distribution</u>
Institutional Class	FMIFX	\$0.17553554	\$0.00000	\$0.00000	\$0.17553554

Our sincere thanks for your support of the FMI International strategy.

FMI International Fund
STATEMENT OF NET ASSETS
December 31, 2020 (Unaudited)

<u>Shares</u>	<u>Value (b)</u>
LONG-TERM INVESTMENTS — 98.9% (a)	
COMMON STOCKS — 87.5% (a)	
COMMERCIAL SERVICES SECTOR — 9.6%	
Advertising/Marketing Services — 2.0%	
6,325,000 WPP PLC (Jersey)	\$ 68,537,783
Miscellaneous Commercial Services — 6.2%	
2,450,000 Bureau Veritas S.A. (France)*	65,401,690
1,305,000 DKSH Holding AG (Switzerland)	97,773,046
595,000 Secom Co. Ltd. (Japan)	54,889,777
	218,064,513
Personnel Services — 1.4%	
745,000 Adecco Group AG (Switzerland)	49,619,504
COMMUNICATIONS SECTOR — 1.9%	
Wireless Telecommunications — 1.9%	
1,710,000 Millicom International Cellular S.A. (Luxembourg)*	66,313,800
CONSUMER DURABLES SECTOR — 6.0%	
Electronics/Appliances — 4.8%	
1,660,000 Sony Corp. (Japan)	167,275,026
Home Furnishings — 1.2%	
4,500,000 Howden Joinery Group PLC (Britain)*	42,391,974
CONSUMER NON-DURABLES SECTOR — 7.4%	
Food: Major Diversified — 1.2%	
370,000 Nestlé S.A. (Switzerland)	43,738,186
Household/Personal Care — 6.2%	
1,115,000 Henkel AG & Co. KGaA (Germany)	107,441,404
1,825,000 Unilever PLC (Britain)	109,452,170
	216,893,574
CONSUMER SERVICES SECTOR — 13.5%	
Broadcasting — 0.9%	
3,975,000 Grupo Televisa S.A.B. — SP-ADR (Mexico)*	32,754,000
Cable/Satellite TV — 1.3%	
2,520,000 Shaw Communications Inc. (Canada)	44,227,198
Hotels/Resorts/Cruiselines — 1.3%	
1,060,000 Whitbread PLC (Britain)*	44,898,077
Media Conglomerates — 3.2%	
3,435,000 Vivendi (France)	110,793,418
Movies/Entertainment — 2.0%	
17,125,000 Bolloré (France)	70,899,638
Other Consumer Services — 3.8%	
60,000 Booking Holdings Inc. (United States)*	133,636,200
Restaurants — 1.0%	
1,970,000 Compass Group PLC (Britain)	36,743,245

FMI International Fund
STATEMENT OF NET ASSETS (Continued)
December 31, 2020 (Unaudited)

<u>Shares</u>	<u>Value (b)</u>
LONG-TERM INVESTMENTS — 98.9% (a) (Continued)	
COMMON STOCKS — 87.5% (a) (Continued)	
<u>DISTRIBUTION SERVICES SECTOR — 5.0%</u>	
Wholesale Distributors — 5.0%	
1,440,000	Ferguson PLC (Jersey) \$ 174,960,865
<u>ELECTRONIC TECHNOLOGY SECTOR — 5.3%</u>	
Aerospace & Defense — 3.2%	
800,000	Safran S.A. (France)* 113,386,417
Electronic Equipment/Instruments — 2.1%	
3,675,000	Yokogawa Electric Corp. (Japan) 73,298,538
<u>FINANCE SECTOR — 7.5%</u>	
Major Banks — 1.8%	
130,000,000	Lloyds Banking Group PLC (Britain)* 64,812,625
Property/Casualty Insurance — 5.7%	
790,000	Chubb Ltd. (Switzerland) 121,596,800
230,000	Fairfax Financial Holdings Ltd. (Canada) 78,392,254
	199,989,054
<u>HEALTH TECHNOLOGY SECTOR — 5.2%</u>	
Medical Specialties — 5.2%	
2,025,000	Koninklijke Philips N.V. (Netherlands)* 109,081,122
3,450,000	Smith & Nephew PLC (Britain) 71,665,161
	180,746,283
<u>INDUSTRIAL SERVICES SECTOR — 1.6%</u>	
Oilfield Services/Equipment — 1.6%	
2,600,000	Schlumberger Ltd. (Curacao) 56,758,000
<u>PROCESS INDUSTRIES SECTOR — 2.4%</u>	
Industrial Specialties — 2.4%	
795,000	Akzo Nobel N.V. (Netherlands) 85,330,490
<u>PRODUCER MANUFACTURING SECTOR — 5.6%</u>	
Industrial Conglomerates — 3.3%	
5,635,000	Smiths Group PLC (Britain) 115,906,531
Trucks/Construction/Farm Machinery — 2.3%	
6,375,000	CNH Industrial N.V. (Netherlands)* 80,135,924
<u>RETAIL TRADE SECTOR — 13.9%</u>	
Department Stores — 5.1%	
25,425,000	B&M European Value Retail S.A. (Luxembourg) 178,986,215
Specialty Stores — 8.8%	
2,450,000	Alimentation Couche-Tard Inc. (Canada) 83,495,169
17,000,000	CK Hutchison Holdings Ltd. (Cayman Islands) 118,691,191
4,350,000	Jardine Strategic Holdings Ltd. (Bermuda) 108,127,532
	310,313,892

FMI International Fund
STATEMENT OF NET ASSETS (Continued)
 December 31, 2020 (Unaudited)

<u>Shares</u>	<u>Value (b)</u>
LONG-TERM INVESTMENTS — 98.9% (a) (Continued)	
COMMON STOCKS — 87.5% (a) (Continued)	
TECHNOLOGY SERVICES SECTOR — 1.5%	
Information Technology Services — 1.5%	
200,000	Accenture PLC (Ireland) \$ 52,242,000
TRANSPORTATION SECTOR — 1.1%	
Air Freight/Couriers — 1.1%	
410,000	Expeditors International of Washington Inc. (United States) 38,995,100
	Total common stocks <u>3,072,648,070</u>
PREFERRED STOCKS — 11.4% (a)	
CONSUMER DURABLES SECTOR — 1.3%	
Motor Vehicles — 1.3%	
530,000	Hyundai Motor Co. (South Korea) 43,843,830
CONSUMER NON-DURABLES SECTOR — 3.3%	
Household/Personal Care — 3.3%	
825,000	Amorepacific Corp. (South Korea) 47,152,903
105,000	LG Household & Health Care Ltd. (South Korea) 69,458,834
	<u>116,611,737</u>
ELECTRONIC TECHNOLOGY SECTOR — 6.8%	
Telecommunications Equipment — 6.8%	
3,515,000	Samsung Electronics Co. Ltd. (South Korea) 238,446,927
	Total preferred stocks <u>398,902,494</u>
	Total long-term investments <u>3,471,550,564</u>

FMI International Fund
STATEMENT OF NET ASSETS (Continued)
 December 31, 2020 (Unaudited)

<u>Principal Amount</u>	<u>Value (b)</u>
SHORT-TERM INVESTMENTS — 3.1% (a)	
Bank Deposit Account — 3.1%	
\$110,625,573 U.S. Bank N.A., 0.03% [^]	\$ 110,625,573
Total short-term investments	<u>110,625,573</u>
Total investments — 102.0%	3,582,176,137
Other liabilities, less assets — (2.0%) (a)	(71,948,393)
TOTAL NET ASSETS — 100.0%	<u><u>\$3,510,227,744</u></u>
Investor Class — Net Asset Value Per Share (\$0.0001 par value, 300,000,000 shares authorized), offering and redemption price (\$1,192,650,606 ÷ 36,830,219 shares outstanding)	
	<u>\$ 32.38</u>
Institutional Class — Net Asset Value Per Share (\$0.0001 par value, 300,000,000 shares authorized), offering and redemption price (\$2,317,577,138 ÷ 71,434,010 shares outstanding)	
	<u>\$ 32.44</u>

* Non-income producing security.

[^] The rate shown is as of December 31, 2020.

(a) Percentages for the various classifications relate to total net assets.

(b) Each security is valued at the current day last sale price reported by the principal security exchange on which the issue is traded. Securities that are traded on Nasdaq Markets are valued at the Nasdaq Official Closing Price, or if no sale is reported, the latest bid price. Securities that are traded over-the-counter, including U.S. Treasury securities are valued at the close price, if not close, then at the latest bid price. Bank deposits are valued at acquisition cost which approximates fair value. For securities that do not trade during New York Stock Exchange ("NYSE") hours, provided that certain foreign exchanges may trade during a portion of the NYSE hours, fair value determinations are based on analyses of market movements after the close of those securities' primary markets, and may include reviews of developments in foreign markets, the performance of U.S. securities markets, and the performance of instruments trading in U.S. markets that represent foreign securities and baskets of foreign securities. The Board of Directors utilizes a service provided by an independent third party to assist in fair valuation of certain securities.

PLC Public Limited Company

SP-ADR Sponsored American Depositary Receipt

FMI International Fund

SCHEDULE OF FORWARD CURRENCY CONTRACTS

December 31, 2020 (Unaudited)

<u>Settlement Date</u>	<u>Counterparty</u>	<u>Currency to be Delivered</u>	<u>U.S. \$ Value on December 31, 2020 of Currency to be Delivered</u>	<u>Currency to be Received</u>	<u>U.S. \$ Value on December 31, 2020 of Currency to be Received</u>	<u>Unrealized (Depreciation)</u>
1/15/21	State Street Bank and Trust Co.	650,000,000 British Pound	\$ 888,994,339	849,363,450 U.S. Dollar	\$ 849,363,450	\$(39,630,889)
1/15/21	JPMorgan Chase Bank, N.A.	210,000,000 Canadian Dollar	164,989,896	160,151,463 U.S. Dollar	160,151,463	(4,838,433)
1/15/21	The Bank of New York Mellon	540,000,000 Euro	659,947,459	636,973,200 U.S. Dollar	636,973,200	(22,974,259)
1/15/21	The Bank of New York Mellon	725,000,000 Hong Kong Dollar	93,524,645	93,500,129 U.S. Dollar	93,500,129	(24,516)
1/15/21	JPMorgan Chase Bank, N.A.	24,000,000,000 Japanese Yen	232,479,569	228,620,419 U.S. Dollar	228,620,419	(3,859,150)
1/15/21	The Bank of New York Mellon	325,000,000 Mexican Peso	16,303,045	15,105,740 U.S. Dollar	15,105,740	(1,197,305)
1/15/21	State Street Bank and Trust Co.	345,000,000,000 South Korea Won	317,660,482	300,543,592 U.S. Dollar	300,543,592	(17,116,890)
1/15/21	JPMorgan Chase Bank, N.A.	165,000,000 Swiss Franc	186,472,100	181,373,492 U.S. Dollar	181,373,492	(5,098,608)
			<u>\$2,560,371,535</u>		<u>\$2,465,631,485</u>	<u>\$(94,740,050)</u>

FMI International Fund II – Currency Unhedged

STATEMENT OF NET ASSETS

December 31, 2020 (Unaudited)

<u>Shares</u>	<u>Value (b)</u>
LONG-TERM INVESTMENTS — 96.6% (a)	
COMMON STOCKS — 85.3% (a)	
COMMERCIAL SERVICES SECTOR — 9.6%	
Advertising/Marketing Services — 2.0%	
103,500 WPP PLC (Jersey)	\$ 1,121,527
Miscellaneous Commercial Services — 6.1%	
37,200 Bureau Veritas S.A. (France)*	993,038
21,000 DKSH Holding AG (Switzerland)	1,573,359
9,900 Secom Co. Ltd. (Japan)	913,292
	<u>3,479,689</u>
Personnel Services — 1.5%	
12,300 Adecco Group AG (Switzerland)	819,221
COMMUNICATIONS SECTOR — 1.8%	
Wireless Telecommunications — 1.8%	
26,700 Millicom International Cellular S.A. (Luxembourg)*	1,035,426
CONSUMER DURABLES SECTOR — 5.9%	
Electronics/Appliances — 4.7%	
26,300 Sony Corp. (Japan)	2,650,201
Home Furnishings — 1.2%	
69,000 Howden Joinery Group PLC (Britain)*	650,010
CONSUMER NON-DURABLES SECTOR — 7.4%	
Food: Major Diversified — 1.3%	
6,050 Nestlé S.A. (Switzerland)	715,178
Household/Personal Care — 6.1%	
17,600 Henkel AG & Co. KGaA (Germany)	1,695,936
29,400 Unilever PLC (Britain)	1,763,229
	<u>3,459,165</u>
CONSUMER SERVICES SECTOR — 13.2%	
Broadcasting — 0.9%	
64,400 Grupo Televisa S.A.B. — SP-ADR (Mexico)*	530,656
Cable/Satellite TV — 1.2%	
39,400 Shaw Communications Inc. (Canada)	691,489
Hotels/Resorts/Cruiselines — 1.4%	
18,000 Whitbread PLC (Britain)*	762,420
Media Conglomerates — 3.1%	
55,200 Vivendi (France)	1,780,436
Movies/Entertainment — 1.9%	
263,700 Bolloré (France)	1,091,751
Other Consumer Services — 3.7%	
950 Booking Holdings Inc. (United States)*	2,115,906
Restaurants — 1.0%	
31,600 Compass Group PLC (Britain)	589,384

FMI International Fund II – Currency Unhedged
STATEMENT OF NET ASSETS (Continued)

December 31, 2020 (Unaudited)

<u>Shares</u>	<u>Value (b)</u>
LONG-TERM INVESTMENTS — 96.6% (a) (Continued)	
COMMON STOCKS — 85.3% (a) (Continued)	
<u>DISTRIBUTION SERVICES SECTOR — 4.8%</u>	
Wholesale Distributors — 4.8%	
22,500 Ferguson PLC (Jersey)	\$ 2,733,764
<u>ELECTRONIC TECHNOLOGY SECTOR — 5.3%</u>	
Aerospace & Defense — 3.3%	
13,000 Safran S.A. (France)*	1,842,529
Electronic Equipment/Instruments — 2.0%	
57,900 Yokogawa Electric Corp. (Japan)	1,154,826
<u>FINANCE SECTOR — 7.2%</u>	
Major Banks — 1.7%	
1,876,000 Lloyds Banking Group PLC (Britain)*	935,296
Property/Casualty Insurance — 5.5%	
12,650 Chubb Ltd. (Switzerland)	1,947,088
3,500 Fairfax Financial Holdings Ltd. (Canada)	1,192,926
	<u>3,140,014</u>
<u>HEALTH TECHNOLOGY SECTOR — 4.9%</u>	
Medical Specialties — 4.9%	
32,100 Koninklijke Philips N.V. (Netherlands)*	1,729,138
51,400 Smith & Nephew PLC (Britain)	1,067,707
	<u>2,796,845</u>
<u>INDUSTRIAL SERVICES SECTOR — 1.6%</u>	
Oilfield Services/Equipment — 1.6%	
41,000 Schlumberger Ltd. (Curacao)	895,030
<u>PROCESS INDUSTRIES SECTOR — 2.3%</u>	
Industrial Specialties — 2.3%	
12,300 Akzo Nobel N.V. (Netherlands)	1,320,208
<u>PRODUCER MANUFACTURING SECTOR — 5.4%</u>	
Industrial Conglomerates — 3.2%	
88,600 Smiths Group PLC (Britain)	1,822,417
Trucks/Construction/Farm Machinery — 2.2%	
99,200 CNH Industrial N.V. (Netherlands)*	1,246,978
<u>RETAIL TRADE SECTOR — 13.4%</u>	
Department Stores — 5.0%	
398,700 B&M European Value Retail S.A. (Luxembourg)	2,806,757
Specialty Stores — 8.4%	
39,000 Alimentation Couche-Tard Inc. (Canada)	1,329,107
260,000 CK Hutchison Holdings Ltd. (Cayman Islands)	1,815,277
65,000 Jardine Strategic Holdings Ltd. (Bermuda)	1,615,699
	<u>4,760,083</u>

FMI International Fund II - Currency Unhedged
STATEMENT OF NET ASSETS (Continued)

December 31, 2020 (Unaudited)

<u>Shares</u>	<u>Value (b)</u>
LONG-TERM INVESTMENTS — 96.6% (a) (Continued)	
COMMON STOCKS — 85.3% (a) (Continued)	
TECHNOLOGY SERVICES SECTOR — 1.5%	
Information Technology Services — 1.5%	
3,200 Accenture PLC (Ireland)	\$ 835,872
TRANSPORTATION SECTOR — 1.0%	
Air Freight/Couriers — 1.0%	
6,200 Expeditors International of Washington Inc. (United States)	589,682
Total common stocks	48,372,760
PREFERRED STOCKS — 11.3% (a)	
CONSUMER DURABLES SECTOR — 1.2%	
Motor Vehicles — 1.2%	
8,300 Hyundai Motor Co. (South Korea)	686,611
CONSUMER NON-DURABLES SECTOR — 3.4%	
Household/Personal Care — 3.4%	
15,000 Amorepacific Corp. (South Korea)	857,326
1,600 LG Household & Health Care Ltd. (South Korea)	1,058,420
	1,915,746
ELECTRONIC TECHNOLOGY SECTOR — 6.7%	
Telecommunications Equipment — 6.7%	
56,000 Samsung Electronics Co. Ltd. (South Korea)	3,798,870
Total preferred stocks	6,401,227
Total long-term investments	54,773,987

FMI International Fund II – Currency Unhedged
STATEMENT OF NET ASSETS (Continued)

December 31, 2020 (Unaudited)

<u>Principal Amount</u>	<u>Value (b)</u>
SHORT-TERM INVESTMENTS — 3.1% (a)	
	Bank Deposit Account — 3.1%
\$1,760,728	U.S. Bank N.A., 0.03% [^]
	\$ 1,760,728
	Total short-term investments
	1,760,728
	Total investments — 99.7%
	56,534,715
	Other assets, less liabilities — 0.3% (a)
	188,146
	TOTAL NET ASSETS — 100.0%
	<u>\$56,722,861</u>
	 Institutional Class — Net Asset Value Per Share (\$0.0001 par value, 300,000,000 shares authorized), offering and redemption price (\$56,722,861 ÷ 2,752,247 shares outstanding)
	<u>\$ 20.61</u>

- * Non-income producing security.
- [^] The rate shown is as of December 31, 2020.
- (a) Percentages for the various classifications relate to total net assets.
- (b) Each security is valued at the current day last sale price reported by the principal security exchange on which the issue is traded. Securities that are traded on Nasdaq Markets are valued at the Nasdaq Official Closing Price, or if no sale is reported, the latest bid price. Securities that are traded over-the-counter, including U.S. Treasury securities are valued at the close price, if not close, then at the latest bid price. Bank deposits are valued at acquisition cost which approximates fair value. For securities that do not trade during New York Stock Exchange ("NYSE") hours, provided that certain foreign exchanges may trade during a portion of the NYSE hours, fair value determinations are based on analyses of market movements after the close of those securities' primary markets, and may include reviews of developments in foreign markets, the performance of U.S. securities markets, and the performance of instruments trading in U.S. markets that represent foreign securities and baskets of foreign securities. The Board of Directors utilizes a service provided by an independent third party to assist in fair valuation of certain securities.
- PLC Public Limited Company
- SP-ADR Sponsored American Depositary Receipt

PERFORMANCE AND DISCLOSURE INFORMATION

Performance for Period Ended December 31, 2020

FMI FUND / INDEX	Average Annual Total Returns						Inception Date
	3 Months ¹	1 Year	3 Year	5 Year	10 Year	Since Inception ¹	
Large Cap – Investor Class	15.81%	10.24%	9.43%	12.19%	11.48%	9.34%	12-31-01
S&P 500	12.15%	18.40%	14.18%	15.22%	13.88%	8.60%	12-31-01
Russell 1000 Value	16.25%	2.80%	6.07%	9.74%	10.50%	7.52%	12-31-01
Large Cap – Institutional Class	15.82%	10.42%	9.59%	N/A	N/A	13.34%	10-31-16
S&P 500	12.15%	18.40%	14.18%	15.22%	13.88%	16.91%	10-31-16
Russell 1000 Value	16.25%	2.80%	6.07%	9.74%	10.50%	9.68%	10-31-16
Common Stock – Investor Class	24.90%	5.79%	6.45%	10.53%	9.54%	11.62%	12-18-81
Russell 2000	31.37%	19.96%	10.25%	13.26%	11.20%	10.54%	12-18-81
Russell 2000 Value	33.36%	4.63%	3.72%	9.65%	8.66%	11.55%	12-18-81
Common Stock – Institutional Class	24.97%	5.91%	6.57%	N/A	N/A	10.73%	10-31-16
Russell 2000	31.37%	19.96%	10.25%	13.26%	11.20%	14.46%	10-31-16
Russell 2000 Value	33.36%	4.63%	3.72%	9.65%	8.66%	8.77%	10-31-16
International – Investor Class	16.94%	0.06%	1.98%	6.14%	7.73%	7.73%	12-31-10
MSCI EAFE Net (USD)	16.05%	7.82%	4.28%	7.45%	5.51%	5.51%	12-31-10
MSCI EAFE Net (LOC)	11.35%	0.84%	2.98%	5.80%	6.82%	6.82%	12-31-10
MSCI EAFE Value Net (USD)	19.20%	-2.63%	-1.24%	4.20%	3.37%	3.37%	12-31-10
MSCI EAFE Value Net (LOC)	14.28%	-8.73%	-2.41%	2.73%	4.72%	4.72%	12-31-10
International – Institutional Class	16.99%	0.19%	2.12%	N/A	N/A	5.66%	10-31-16
MSCI EAFE Net (USD)	16.05%	7.82%	4.28%	7.45%	5.51%	9.10%	10-31-16
MSCI EAFE Net (LOC)	11.35%	0.84%	2.98%	5.80%	6.82%	7.12%	10-31-16
MSCI EAFE Value Net (USD)	19.20%	-2.63%	-1.24%	4.20%	3.37%	4.80%	10-31-16
MSCI EAFE Value Net (LOC)	14.28%	-8.73%	-2.41%	2.73%	4.72%	2.87%	10-31-16
International II – Currency Unhedged – Institutional Class	20.58%	3.94%	N/A	N/A	N/A	3.94%	12-31-19
MSCI EAFE Net (USD)	16.05%	7.82%	4.28%	7.45%	5.51%	7.82%	12-31-19
MSCI EAFE Value Net (USD)	19.20%	-2.63%	-1.24%	4.20%	3.37%	-2.63%	12-31-19

¹ Returns for periods less than one year are not annualized.

Performance data quoted represents past performance; past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of a Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting www.fmifunds.com or by calling 1-800-811-5311. The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

Securities named in the Letters to Shareholders, but not listed in the Statements of Net Assets are not held in the Funds as of the date of this disclosure. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities.

This report is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the Funds unless accompanied or preceded by the Funds' current prospectus.

As of the Funds' Prospectus dated January 31, 2020, the annual operating expense ratios for the Investor Class of FMI Large Cap Fund, FMI Common Stock Fund and FMI International Fund are: 0.80%, 1.01% and 0.90%, respectively. The annual operating expense ratios for the Institutional Class of FMI Large Cap Fund, FMI Common Stock Fund, FMI International Fund and FMI International Fund II – Currency Unhedged are: 0.67%, 0.90%, 0.76% and 0.90%*, respectively.

* Note that the annual operating expenses for the Institutional Class of FMI International Fund II – Currency Unhedged are 1.80% before the investment adviser's voluntary reimbursement such that annual fund operating expenses do not exceed 0.90%, which will continue at least through January 31, 2021.

Risks associated with investing in the Funds are as follows:

FMI Large Cap Fund: Stock Market Risk, Medium and Large Capitalization Companies Risks, Non-Diversification Risk (Non-Diversified funds are subject to higher volatility than funds that are invested more broadly), Value Investing Risk, Foreign Securities Risk (fluctuation of currency, different financial standards, and political instability) and Liquidity Risk.

FMI Common Stock Fund: Stock Market Risk, Medium and Small Capitalization Companies Risks (which includes the potential for greater volatility and less financial resources than Large-Cap Companies), Value Investing Risk, Foreign Securities Risk (fluctuation of currency, different financial standards, and political instability) and Liquidity Risk.

FMI International Fund: Stock Market Risk, Value Investing Risk, Foreign Securities Risk (fluctuation of currency, different financial standards, and political instability), Geographic Concentration Risk, Currency Hedging Risk, Large Capitalization Companies Risk and Liquidity Risk.

FMI International Fund II – Currency Unhedged: Stock Market Risk, Non-Diversified Risk (Non-Diversified Funds are subject to higher volatility than funds that are invested more broadly), Value Investing Risk, Foreign Securities Risk (fluctuation of currency, different financial standards, and political instability), Geographic Concentration Risk, Large Capitalization Companies Risk, and Liquidity Risk.

For details regarding these risks, please refer to the Funds' Summary or Statutory Prospectuses dated January 31, 2020.

For more information about the FMI Funds, call 1-800-811-5311 for a free Prospectus or Summary Prospectus. Please read these Prospectuses carefully to consider the investment objectives, risks, charges and expenses, before investing or sending money. These Prospectuses contain this and more information about the FMI Funds. Please read the Prospectuses or Summary Prospectuses carefully before investing.

The Standard and Poor's 500 Index (S&P 500) consists of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The S&P's Ratings Group designates the stocks to be included in the Index on a statistical basis. A particular stock's weighting in the Index is based on its relative total market value (i.e., its market price per share times the number of shares outstanding). Stocks may be added or deleted from the Index from time to time.

The Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index which comprises the 3,000 largest U.S. companies based on total market capitalization. The Russell 1000 Value Index includes equities that exhibit value characteristics and the Russell 1000 Growth Index includes equities that exhibit growth characteristics.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 2000 Value Index includes equities that exhibit value characteristics and the Russell 2000 Growth Index includes equities that exhibit growth characteristics.

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI EAFE Index consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. Index results are inclusive of dividends and net of foreign withholding taxes. The reported figures include reinvestment of dividends and capital gains distributions and do not reflect any fees or expenses.

The MSCI EAFE Value Index captures large and mid cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the U.S. and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

The MSCI EAFE Index and MSCI EAFE Value Index are calculated in local currency (LOC) as well as in U.S. Dollars (USD). The concept of a LOC calculation excludes the impact of currency fluctuations. All currencies of listing are considered in the Index calculation in LOC where current prices (t) and previous day prices (t-1) are converted into USD using the same exchange rate (exchange rate t-1) in the numerator and denominator. As a consequence, the FX factor drops out of the equation. The USD calculation includes exchange rates at t and t-1. Therefore, the LOC calculation only represents the price appreciation or depreciation of the securities, whereas the USD calculation also accounts for the performance of the currency (or currencies) relative to the USD.

The MSCI EAFE Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the U.S. and Canada. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

MSCI EAFE is a service mark of MSCI Barra.

All indices are unmanaged. These indices are used herein for comparative purposes in accordance with the Securities and Exchange Commission regulations. It is not possible to invest directly into an index.

GLOSSARY

EBITDA – Earnings Before Interest Taxes Depreciation and Amortization is essentially net income with interest, taxes, depreciation, and amortization added back to it, and can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.

EPS – Earnings per Share – The portion of a company’s profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company’s profitability.

EV/EBITDA – Enterprise Value to Earnings Before Interest Taxes Depreciation and Amortization is a measure of the value of a stock that compares a company’s enterprise value (market cap plus debt, minority interest and preferred shares, minus total cash and cash equivalents) to its earnings before interest taxes depreciation and amortization. EV/EBITDA is one of several fundamental indicators that investors use to determine whether a stock is priced well. The EV/EBITDA multiple is also often used to determine a company’s valuation in the case of a potential acquisition.

GDP – Gross Domestic Product – Gross Domestic Product is the monetary value of all finished goods and services produced within a country’s borders in a specific time period.

Price-to-earnings ratio – The price-earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings. The trailing P/E ratio is calculated by dividing the current share price by per-share earnings over the previous 12 months and the forward P/E ratio estimates likely per-share earnings over the next 12 months.

Price-to-sales ratio – The price-to-sales ratio (P/S ratio) is a valuation ratio that compares a company’s stock price to its revenues. The price-to-sales ratio is an indicator of the value placed on each dollar of a company’s sales or revenues. It can be calculated either by dividing the company’s market capitalization by its total sales over a 12-month period, or on a per-share basis by dividing the stock price by sales per share for a 12-month period.

Reference definitions found at Investopedia.com

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FMI Large Cap Fund

FMI Common Stock Fund

FMI International Fund

FMI International Fund II -
Currency Unhedged

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