

FMI Large Cap Fund

March 31, 2011

Dear Fellow Shareholders:

The FMI Large Cap Fund gained 4.74%⁽¹⁾ in the quarter compared to 5.92%⁽²⁾ for the Standard & Poor's 500 Index. The first two months of the quarter were similar to last year in that commodity-oriented, levered cyclical and energy-related stocks did well. More defensive stocks continued to underperform. With Middle East conflicts escalating and the terrible tragedy in Japan unfolding, there was some flight back to perceived safety. We were pleased to have not lost too much ground given our conservative, defensive posture. Overall, we have been surprised at the magnitude and duration of the equity rally, now over two years old. Valuations are once again stretched for the market as a whole, particularly given the grave nature of developed country finances.

Easy Solutions?

If you ask the proverbial average American how many people in the U.S. make over \$1 million per year, the number would likely be a lot greater than 321,294. Yet that is indeed the figure.⁽³⁾ The IRS shows adjusted gross income for this group of \$1.076 trillion. They paid federal income taxes of \$260 billion. So, think about the math. One could increase taxes on this group of people by 50% and assume they do not take any mitigating actions (defer income, hide income, delay capital gains, opt for leisure, etc.), and the additional income generated would be \$130 billion. That is less than 10% of this year's budget deficit of \$1.5 trillion. Forget about the \$14.3 trillion of debt and any hope of chipping away at that.

4,376,000 filers make more than \$200,000 per year. Their adjusted gross income in 2008 was \$2.462 trillion. They paid \$544 billion in taxes. Again, we could raise tax rates by 50%, assume they take no mitigating actions, and only \$272 billion more in taxes would be raised. This is 18% of the current budget deficit. Incidentally, these 4.4 million filers, 1.5% of the population, paid 50% of the total federal income taxes.

There are certainly some high income filers who have found or exploited ways to avoid paying statutory rates (all the more reason to reform the tax code), but odd as it may seem, even doubling their tax rate barely dents the deficit. 13,000 filers made more than \$10 million in 2008, generating taxable income of \$348 billion and paying \$88 billion in federal income tax. Double their tax rate, assume there is no leakage and it would generate just 6% of this year's deficit.

Some say the answer is to just tax corporations at a higher rate. There are all sorts of issues with this idea, not the least of which is that corporate taxes bring in less than \$200 billion annually, just 13% of this year's deficit, and the U.S. corporate tax rate of 35% is already the second highest amongst the 30 OECD (Organisation for Economic Co-operation & Development) countries. Many companies have moved operations or headquarters overseas to avoid getting taxed at the U.S. rate for income they do not generate in the U.S. Armies of tax lawyers and lobbyists are employed to reduce corporate taxes and this has the effect of favoring

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- (1) The Fund's one-year and annualized 5-year and since inception (12-31-01) returns through March 31, 2011 were: 10.45%, 5.23% and 7.35%, respectively.
 - (2) The S&P 500 one-year and annualized 5-year and since inception (12-31-01) returns through March 31, 2011 were 15.65%, 2.62% and 3.57%, respectively.
 - (3) The IRS data is for 2008, the most recent available. Actual millionaires may be slightly higher in the cases where both spouses earn over \$1 million and are filing jointly.

not only certain types of businesses over others, but large corporations over small. President Obama seems open to reducing corporate tax rates to make the U.S. more competitive. Reducing or eliminating the corporate tax, combined with a much flatter individual tax and the elimination of tax breaks, would also be more equitable and could generate more income over time. In a sense, corporations really don't pay taxes; they simply pass the burden onto consumers. Raising the corporate tax rate doesn't affect the CEO's income at all, but it does hurt the little guy, who pays more for a loaf of bread or possibly loses his job because his unit is moved offshore. Corporations are not living citizens. They are owned by living citizens who pay taxes on distributed corporate income and capital gains. If tax rates on dividends and capital gains migrated toward a broad-based flat tax rate, income would accrue to the owners, suppliers and employees and very possibly tax revenue would rise, in addition to being less regressive.

"We know what it will take for America to win the future. We need to out-innovate, we need to out-educate, we need to out-build our competitors. We need an economy that's based not on what we consume and borrow from other nations, but what we make and what we sell around the world. We need to make America the best place on Earth to do business... Another barrier government can remove is a burdensome corporate tax code with one of the highest rates in the world."

— President Barack Obama (February 7, 2011)

No discussion of the budget deficit can progress unless people understand this basic math: approximately 58% of the budget is Medicare, Federal Medicaid, Social Security, and unemployment entitlements. Defense is 20%. If a budget discussion fails to address 78% of the budget, it fails.

According to a recent survey by the Tarrance Group, a majority of voters (63%) incorrectly believes the federal government spends more on defense than it does on Medicare and Social Security. The hard reality is that there are no easy solutions. No sound bite call to tax the rich or stick it to corporations really addresses the problem at all. The issue has been and continues to be excessive government spending.

As this letter is being written, Congress is haggling back and forth about whether federal spending growth will be reduced by \$62 billion or \$10 billion (1.7% or 0.4% of the total budget, respectively). With little recognition or admission of the underlying fiscal realities, and almost nothing of substance being done about it (in fact, large protests against spending cuts are now commonplace), our macro outlook continues to be guarded. Stock valuations have moved considerably higher over the past year and the combo platter of a fiscal mess, an untenable monetary policy and a stretched market translates into a more cautious investment outlook. Of course, experience tells us there will always be interesting investment ideas, regardless of the big picture. Below we have highlighted two. Additionally, at <http://www.fiduciarymgt.com/institutional-investors/additional-resources>, we have posted the support work for this letter as well as some other interesting data. We thank one of our team members, Dan Sievers, for compiling this information.

INGERSOLL-RAND PLC

Analyst: Karl Poehls

Business Description

Ingersoll-Rand (IR) is a diversified, global company that provides products, services and solutions to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and enhance industrial productivity and efficiency. Its primary operating segments are: Climate Solutions (40% of 2009 EBIT), Security Technologies (31%), Industrial Technologies (17%), and Residential Solutions (12%).

Good Business

- IR's climate control and security products are critical for maintaining high standards of living.
- In 2009, approximately 75% of the company's \$13.2 billion in revenue was generated from the sale of parts and services or from the replacement/retrofit market, and can be considered recurring in nature.
- IR occupies the #1 or #2 market share position in businesses that account for 80% of total sales.
- Over the past decade, IR has generated returns slightly above its cost of capital. For the trailing 5- and 10-year periods, the company's ROIC has averaged 8.8% and 9.0%, respectively. Going forward, we expect IR to generate incremental return on invested capital (ROIC) exceeding 15%.
- The company generates excess free cash flow (FCF) of approximately \$1.0 billion. We expect the majority of FCF to be returned to shareholders via dividends and share repurchases.
- IR has a solid balance sheet with net debt of \$2.9 billion. The company's long-term debt is rated BBB+ at S&P and Baa1 at Moody's. The interest coverage ratio is 4.4x.

Valuation

- At the current price, IR's stock is approximately 30% below its all-time high achieved in 2007.
- IR currently trades for 1.2x EV/Sales. This is slightly below its trailing 5- and 10-year average EV/Sales multiple of 1.3x.
- Over the past ten years, IR's operating margin has averaged 10.1%. We estimate the company's normalized operating margin run-rate is 13-14% based on its current business mix. This implies earnings power of between \$4-5 per share. The stock trades for 8-10x this range.
- Since 1990, IR's P/E multiple has averaged 16.8x. This compares to the company's current P/E multiple of 17.0x, which is based on what we consider to be depressed margins and earnings.
- In 2011, we expect IR to pay approximately 25% of earnings through an annual dividend of \$0.75 per share. This implies a dividend yield of 2%.

Management

- Michael Lamach has been IR's CEO since February 2010. Prior to joining IR in 2004, Lamach was employed by Johnson Controls for 18 years and held various management positions.
- Going forward, we expect IR's management will be focused on driving internal growth, improving productivity, and installing a high-performance operating culture. This is in sharp contrast to the company's historical focus under previous leadership.
- Over the next 3-5 years, we expect management to return a significant percentage of FCF to shareholders through dividends and share buybacks while limiting acquisition activity.

Investment Thesis

Due to struggles with past acquisitions and currently depressed end markets, IR's operating margin is meaningfully below its long-term potential. Also, investors are skeptical of management's ability to meet lofty internal margin targets and are waiting on the sidelines. We believe this presents an attractive opportunity to invest in a global industrial company with highly recurring revenue, leading market share positions, and significant operating leverage to an improved economy.

MICROSOFT CORPORATION

Analyst: Dan Sievers

Description

Microsoft develops, manufactures, licenses, and supports software for computing devices worldwide. In 2010, the company's Windows & Windows Live Division, which is responsible for the Windows Operating System, Windows Live services, and Internet Explorer, generated 42% of the positive segment level operating profit. Microsoft Business Division, which is responsible for the front-end Microsoft Office products (Word, Excel, PowerPoint, Outlook, etc.) generated another 38% of the positive segment operating profit. Servers and Tools contributed 18% of segment operating profit, and the Entertainment and Devices Division contributed the remaining 2% of operating profit. Separately, Online Services Division, which is responsible for the Bing search engine and MSN, booked an operating loss of \$2.4 billion in 2010.

Good Business

- The Windows Operating System and Microsoft Office are entrenched in the workflow of millions of businesses and are used by millions more consumers globally. Traditional PC sales drive revenue and both new software versions and the PC hardware cycle drive recurring purchases.
- The operating margins and ROIC at Microsoft are phenomenal. Windows OS gross margin is 95%.
- Microsoft spent \$8-9 billion in R&D in each of the past three years, turning out a number of significant new products. In 2009, Apple spent \$1.7 billion, and Google spent \$2.8 billion in R&D.
- Microsoft's balance sheet is bulletproof with net cash of \$31 billion (the vast majority is overseas).

Valuation

- Microsoft trades for 13.0x P/E, 9.2x P/CF, 7.1x EV/EBITDA, and 3.2x EV/Sales vs. 5-year average multiples of 17.6x P/E, 14.1x P/CF, 10.0x EV/EBITDA, and 4.1x EV/Sales.
- Microsoft offers a 10% FCF yield.

Management

- CEO Steve Ballmer, 54, was Microsoft's 30th employee and currently holds \$8.5 billion in Microsoft stock (Bill Gates holds \$14.9 billion).
- Microsoft has not granted stock options since 2003. Gates and Ballmer receive no stock awards.
- 2010 management departures (Ray Ozzie, Robbie Bach & Bob Muglia) have raised eyebrows, but Microsoft is widely thought to possess a deep bench of executive talent.
- Microsoft has returned an astonishing \$126 billion to shareholders over the past six fiscal years through dividends and share repurchases.

Investment Thesis

Microsoft is out of favor in the market, viewed as a sleepy tech giant that is neither cutting edge nor fashionable. However, a wide range of Microsoft products is deeply and increasingly entrenched in the workflow of global business. Further, there are roughly 1 billion PCs in the world vs. a potential addressable market of 2-4 billion people. Quietly, Microsoft's forward-thinking R&D efforts have made it the world's premier cloud computing company. Almost silently, the Windows loaded notebook PC has become the lowest-cost and best-performing internet-connected device available. The targeted strategies of Apple and Google present specific risks, but we are being paid to take this risk at just 10x FCF. Even if Microsoft were to achieve

little or no profit growth in the future (a highly unlikely scenario), the company is likely to deliver solid returns to investors through repurchases and growing dividends. Microsoft is a high-quality cash machine.

Thank you for your support of the FMI Large Cap Fund.



Ted D. Kellner, CFA
Executive Chairman



Patrick J. English, CFA
CEO and Chief Investment Officer

The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Performance data quoted represents past performance; past performance does not guarantee future results. The 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 since the above time period 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. As of the Fund's Prospectus dated January 31, 2011, the Fund's annual operating expense ratio is 0.97%.

As of March 31, 2011, the security holdings mentioned above represented the following percentage of the Fund's total assets: Ingersoll-Rand PLC 2.0%; Microsoft Corporation 2.2%. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities.

For more information about the FMI Large Cap Fund, call (800) 811-5311 for a free prospectus. Please read the prospectus carefully to consider the investment objectives, risks, charges and expenses, before investing or sending money. The prospectus contains this and more information about the FMI Large Cap Fund. Please read the prospectus carefully before investing.

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FMI Large Cap Fund

COST DISCUSSION

As a shareholder of the Fund you incur ongoing costs, including management fees and other Fund expenses. You do not incur transaction costs such as sales charges (loads) on purchase payments, reinvested dividends, or other distributions; redemption fees; and exchange fees because the Fund does not charge these fees. This example is intended to help you understand your ongoing costs (in dollars) of investing in FMI Large Cap Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from October 1, 2010 through March 31, 2011.

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

In addition to the costs highlighted and described below, the only Fund transaction costs you might currently incur would be wire fees (\$15 per wire), if you choose to have proceeds from a redemption wired to your bank account instead of receiving a check. Additionally, U.S. Bank charges an annual processing fee (\$15) if you maintain an IRA account with the Fund. To determine your total costs of investing in the Fund, you would need to add any applicable wire or IRA processing fees you've incurred during the period to the costs provided in the example at the end of this article.

Hypothetical Example for Comparison Purposes

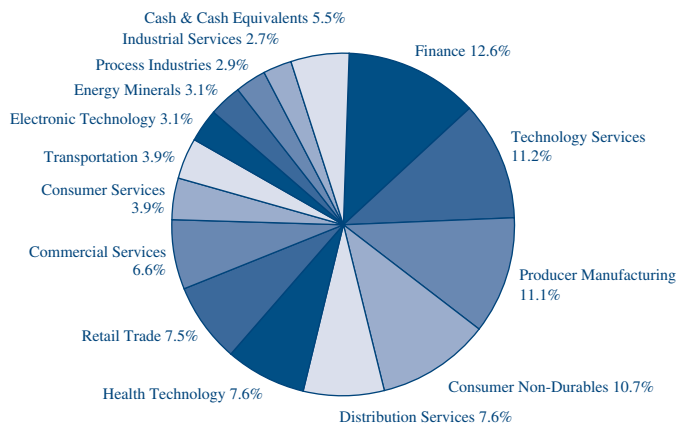
The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees or exchange fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account <u>Value 10/01/10</u>	Ending Account <u>Value 3/31/11</u>	Expenses Paid During Period* <u>10/01/10-3/31/11</u>
FMI Large Cap Fund Actual	\$1,000.00	\$1,141.10	\$5.18
Hypothetical (5% return before expenses)	\$1,000.00	\$1,020.10	\$4.89

* Expenses are equal to the Fund's annualized expense ratio of 0.97%, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the one-half year period between October 1, 2010 and March 31, 2011).

Industry Sectors as of March 31, 2011



FMI Large Cap Fund

STATEMENT OF ASSETS AND LIABILITIES

March 31, 2011 (Unaudited)

ASSETS:

Investments in securities, at value (cost \$3,446,071,882)	\$4,150,053,558
Receivable from shareholders for purchases	11,435,942
Dividends receivable	8,167,392
Cash	86,425
Total assets	<u>\$4,169,743,317</u>

LIABILITIES:

Payable to adviser for management fees	\$ 2,043,552
Payable to shareholders for redemptions	2,013,497
Other liabilities	800,870
Total liabilities	<u>4,857,919</u>

NET ASSETS:

Capital Stock, \$0.0001 par value; 400,000,000 shares authorized; 254,723,368 shares outstanding	3,494,793,414
Net unrealized appreciation on investments	703,981,676
Accumulated net realized loss on investments	(42,732,462)
Undistributed net investment income	8,842,770
Net assets	<u>4,164,885,398</u>
Total liabilities and net assets	<u>\$4,169,743,317</u>

CALCULATION OF NET ASSET VALUE PER SHARE:

Net asset value, offering and redemption price per share ($\$4,164,885,398 \div 254,723,368$ shares outstanding)	<u>\$ 16.35</u>
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The accompanying notes to financial statements are an integral part of this statement.

FMI Large Cap Fund
SCHEDULE OF INVESTMENTS

March 31, 2011 (Unaudited)

<u>Shares</u>	<u>Cost</u>	<u>Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Value</u>
COMMON STOCKS — 94.5% (a)			FINANCE SECTOR — 12.6% (Continued)		
COMMERCIAL SERVICES SECTOR — 6.6%			Insurance Brokers/Services — 1.3%		
Financial Publishing/Services — 3.1%			1,387,050	Willis Group Holdings PLC . . . \$	49,737,608 \$ 55,981,338
3,245,000	McGraw-Hill Companies, Inc. . . \$	88,077,740 \$ 127,853,000	Major Banks — 4.6%		
Miscellaneous Commercial Services — 3.5%			6,444,000	Bank of New York Mellon Corp. . . .	192,340,559 192,482,280
4,848,000	Cintas Corp.	135,887,997 146,748,960	Property/Casualty Insurance — 4.1%		
CONSUMER NON-DURABLES SECTOR — 10.7%			2,068,000	Berkshire Hathaway Inc. - Cl B*	137,316,607 172,946,840
Beverages: Alcoholic — 2.8%			HEALTH TECHNOLOGY SECTOR — 7.6%		
1,515,000	Diageo PLC - SP-ADR . .	94,337,564 115,473,300	Medical Specialties — 7.6%		
Food: Major Diversified — 4.6%			2,643,000	Coviden PLC	113,800,297 137,277,420
3,309,000	Nestlé S.A. - SP-ADR . .	151,193,867 190,201,320	4,805,000	DENTSPLY International Inc.	151,761,483 177,736,950
Household/Personal Care — 3.3%					265,561,780 315,014,370
2,078,000	Kimberly-Clark Corp.	126,184,234 135,631,060	INDUSTRIAL SERVICES SECTOR — 2.7%		
CONSUMER SERVICES SECTOR — 3.9%			Oilfield Services/Equipment — 2.7%		
Media Conglomerates — 3.9%			1,210,000	Schlumberger Limited	59,470,212 112,844,600
4,573,000	Time Warner Inc. . .	134,463,323 163,256,100	PROCESS INDUSTRIES SECTOR — 2.9%		
DISTRIBUTION SERVICES SECTOR — 7.6%			Chemicals: Agricultural — 2.9%		
Food Distributors — 3.5%			1,659,000	Monsanto Co. . . .	94,185,352 119,879,340
5,223,000	Sysco Corp.	143,295,329 144,677,100	PRODUCER MANUFACTURING SECTOR — 11.1%		
Medical Distributors — 4.1%			Industrial Conglomerates — 11.1%		
4,368,000	AmerisourceBergen Corp.	129,297,282 172,798,080	2,271,000	3M Co.	162,628,862 212,338,500
ELECTRONIC TECHNOLOGY SECTOR — 3.1%			1,749,000	Ingersoll-Rand PLC	82,123,802 84,494,190
Electronic Components — 3.1%			3,703,000	Tyco International Ltd.	116,108,477 165,783,310
3,693,000	TE Connectivity Limited	79,413,941 128,590,260			360,861,141 462,616,000
ENERGY MINERALS SECTOR — 3.1%			RETAIL TRADE SECTOR — 7.5%		
Oil & Gas Production — 3.1%			Discount Stores — 4.0%		
1,389,000	Devon Energy Corporation	89,983,706 127,468,530	3,219,000	Wal-Mart Stores, Inc.	162,436,809 167,548,950
FINANCE SECTOR — 12.6%			Specialty Stores — 3.5%		
Financial Conglomerates — 2.6%			7,417,000	Staples, Inc.	161,890,075 144,038,140
2,438,000	American Express Co.	73,564,122 110,197,600			

FMI Large Cap Fund

STATEMENT OF OPERATIONS

For the Six Month Period Ending March 31, 2011 (Unaudited)

INCOME:	
Dividends	\$ 33,431,543
Interest	163,961
Total income	<u>33,595,504</u>
EXPENSES:	
Management fees	13,836,866
Transfer agent fees	2,358,500
Administrative and accounting services	964,343
Custodian fees	267,000
Printing and postage expense	203,475
Registration fees	113,200
Insurance expense	33,150
Professional fees	28,210
Board of Directors fees	19,400
Other expenses	77,350
Total expenses	<u>17,901,494</u>
NET INVESTMENT INCOME	<u>15,694,010</u>
NET REALIZED GAIN ON INVESTMENTS	37,941,806
NET INCREASE IN UNREALIZED APPRECIATION ON INVESTMENTS	<u>420,905,314</u>
NET GAIN ON INVESTMENTS	<u>458,847,120</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$474,541,130</u>

STATEMENTS OF CHANGES IN NET ASSETS

For the Six Month Period Ending March 31, 2011 (Unaudited) and For the Year Ended September 30, 2010

	<u>2011</u>	<u>2010</u>
OPERATIONS:		
Net investment income	\$ 15,694,010	\$ 31,292,948
Net realized gain on investments	37,941,806	40,599,018
Net increase in unrealized appreciation on investments	420,905,314	159,780,424
Net increase in net assets from operations	<u>474,541,130</u>	<u>231,672,390</u>
DISTRIBUTIONS TO SHAREHOLDERS:		
Distributions from net investment income (\$0.1373 and \$0.1709 per share, respectively)	<u>(31,698,426)</u>	<u>(28,040,866)</u>
FUND SHARE ACTIVITIES:		
Proceeds from shares issued (54,955,650 and 118,199,701 shares, respectively)	867,849,039	1,676,212,878
Net asset value of shares issued in distributions reinvested (1,765,679 and 1,505,339 shares, respectively)	26,370,979	20,593,916
Cost of shares redeemed (31,445,519 and 44,841,197 shares, respectively)	<u>(490,541,498)</u>	<u>(633,775,155)</u>
Net increase in net assets derived from Fund share activities	<u>403,678,520</u>	<u>1,063,031,639</u>
TOTAL INCREASE	846,521,224	1,266,663,163
NET ASSETS AT THE BEGINNING OF THE PERIOD	<u>3,318,364,174</u>	<u>2,051,701,011</u>
NET ASSETS AT THE END OF THE PERIOD (Includes undistributed net investment income of \$8,842,770 and \$24,847,186, respectively)	<u>\$4,164,885,398</u>	<u>\$3,318,364,174</u>

The accompanying notes to financial statements are an integral part of these statements.

FINANCIAL HIGHLIGHTS

(Selected data for each share of the Fund outstanding throughout each period)

	(Unaudited)					
	For the Six Month					
	Period Ending					
	March 31,	Years Ended September 30,				
	2011	2010	2009	2008	2007	2006
PER SHARE OPERATING PERFORMANCE:						
Net asset value, beginning of period	\$14.46	\$13.27	\$13.65	\$16.18	\$14.79	\$13.29
Income from investment operations:						
Net investment income	0.07	0.17	0.20	0.17	0.17	0.12
Net realized and unrealized						
gains (losses) on investments	1.96	1.19	(0.47)*	(2.14)	1.65	1.78
Total from investment operations	2.03	1.36	(0.27)	(1.97)	1.82	1.90
Less distributions:						
Distributions from net investment income	(0.14)	(0.17)	(0.11)	(0.13)	(0.10)	(0.03)
Distributions from net realized gains	—	—	—	(0.43)	(0.33)	(0.37)
Total from distributions	(0.14)	(0.17)	(0.11)	(0.56)	(0.43)	(0.40)
Net asset value, end of period	<u>\$16.35</u>	<u>\$14.46</u>	<u>\$13.27</u>	<u>\$13.65</u>	<u>\$16.18</u>	<u>\$14.79</u>
TOTAL RETURN	14.11% ⁽¹⁾	10.33%	(1.79%)	(12.58%)	12.52%	14.82%
RATIOS/SUPPLEMENTAL DATA:						
Net assets, end of period (in 000's \$)	4,164,885	3,318,364	2,051,701	1,140,200	638,875	165,806
Ratio of expenses (after reimbursement)						
to average net assets (a)	0.97% ⁽²⁾	0.97%	0.97%	1.00%	1.00%	1.00%
Ratio of net investment income						
to average net assets (b)	0.85% ⁽²⁾	1.18%	1.80%	1.13%	1.06%	0.88%
Portfolio turnover rate	9%	20%	32%	30%	19%	29%

* The amount shown may not correlate with the aggregate gains and losses of portfolio securities due to the timing of subscriptions and redemptions of Fund shares.

(1) Not annualized.

(2) Annualized.

(a) Computed after giving effect to adviser's expense limitation undertaking. If the Fund had paid all of its expenses for the years ended September 30, 2008, 2007 and 2006, the ratios would have been 1.02%, 1.03% and 1.11%, respectively.

(b) If the Fund had paid all of its expenses for the years ended September 30, 2008, 2007 and 2006, the ratios would have been 1.11%, 1.03% and 0.77%, respectively.

The accompanying notes to financial statements are an integral part of this statement.

FMI Large Cap Fund

NOTES TO FINANCIAL STATEMENTS

March 31, 2011 (Unaudited)

(1) Summary of Significant Accounting Policies —

The following is a summary of significant accounting policies of the FMI Large Cap Fund (the “Fund”), a series of FMI Funds, Inc. (the “Company”) which is registered as a non-diversified, open-end management investment company under the Investment Company Act of 1940 (the “Act”), as amended. The Company was incorporated under the laws of Maryland on September 5, 1996 and the Fund commenced operations on December 31, 2001. The assets and liabilities of each Fund in the Company are segregated and a shareholder’s interest is limited to the Fund in which the shareholder owns shares. The investment objective of the Fund is to seek long-term capital appreciation principally through investing in a limited number of large capitalization value stocks.

(a) Each security, excluding short-term investments, is valued at the last sale price reported by the principal security exchange on which the issue is traded. Securities that are traded on the 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 are valued at the latest bid price. Unlisted equity securities for which market quotations are readily available are valued at the most recent bid price. Securities for which quotations are not readily available are valued at fair value as determined by the investment adviser under the supervision of the Board of Directors. The fair value of a security is the amount which the Fund might reasonably expect to receive upon a current sale. The fair value of a security may differ from the last quoted price and the Fund may not be able to sell a security at the estimated fair value. Market quotations may not be available, for example, if trading in particular securities was halted during the day and not resumed prior to the close of trading on the New York Stock Exchange. As of March 31, 2011, there were no securities that were internally fair valued. Variable rate demand notes are recorded at par value which approximates market value. Short-term investments with maturities of 60 days or less are valued at amortized cost which approximates value. For financial reporting purposes, investment transactions are recorded on the trade date.

The Fund applies the provisions of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification “Fair Value Measurements and Disclosures” Topic 820 (“ASC 820”), which defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Fund uses various valuation approaches. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by generally requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The inputs or methodologies used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets.

Level 2 — Valuations based on quoted prices for similar securities or in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following table summarizes the Fund’s investments as of March 31, 2011, based on the inputs used to value them:

<u>Valuation Inputs</u>	<u>Investments in Securities</u>
Level 1 — Common Stocks	\$3,937,353,558
Level 2 — Short-Term Commercial Paper	212,700,000
Level 3 —	—
Total	<u>\$4,150,053,558</u>

It is the Fund’s policy to recognize transfers between levels at the end of the quarterly reporting period. There were no transfers between levels during the six month period ending March 31, 2011.

See the Schedule of Investments for investments detailed by industry classifications.

NOTES TO FINANCIAL STATEMENTS (Continued)

March 31, 2011 (Unaudited)

(1) Summary of Significant Accounting Policies — (Continued)

- (b) Net realized gains and losses on sales of securities are computed on the identified cost basis.
- (c) Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis.
- (d) The Fund may have investments in short-term variable rate demand notes, which are unsecured instruments. The Fund may be susceptible to credit risk with respect to these notes to the extent the issuer defaults on its payment obligation. The Fund's policy is to monitor the creditworthiness of the issuer and nonperformance by these issuers is not anticipated.
- (e) Accounting principles generally accepted in the United States of America ("GAAP") require that permanent differences between income for financial reporting and tax purposes be reclassified in the capital accounts.
- (f) The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.
- (g) The Fund may own certain securities that are restricted. Restricted securities include Section 4(2) commercial paper, securities issued in a private placement, or securities eligible for resale pursuant to Rule 144A under the Securities Act of 1933 (the "1933 Act"). A restricted security cannot be resold to the general public without prior registration under the 1933 Act or pursuant to the resale limitations provided by Rule 144A under the 1933 Act, or an exemption from the registration requirements of the 1933 Act.
- (h) No provision has been made for Federal income taxes since the Fund has elected to be taxed as a "regulated investment company" and intends to distribute substantially all net investment company taxable income and net capital gains to its shareholders and otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies.
- (i) The Fund has reviewed all open tax years and major jurisdictions, which include Federal and the state of Maryland, and concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Open tax years are those that are open for exam by taxing authorities and, as of March 31, 2011, open Federal tax years include the tax years ended September 30, 2007 through 2010. The Fund has no examinations in progress and is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

(2) Investment Adviser and Management Agreement and Transactions With Related Parties —

The Fund has a management agreement with Fiduciary Management, Inc. ("FMI"), with whom certain officers and directors of the Fund are affiliated, to serve as investment adviser and manager. Under the terms of the agreement, the Fund will pay FMI a monthly management fee at the annual rate of 0.75% of the daily net assets. The Fund is responsible for paying its proportionate share of the compensation, benefits and expenses of its Chief Compliance Officer. For administrative convenience, FMI initially makes these payments and is later reimbursed by the Fund.

Under the management agreement, FMI will reimburse the Fund for expenses over 1.20% of the daily net assets of the Fund. In addition to the reimbursement required under the management agreement, FMI will voluntarily reimburse the Fund for expenses over 1.00%. For the six month period ending March 31, 2011 there were no contractual or voluntary reimbursements required.

The Fund has entered into a Distribution Plan (the "Plan"), pursuant to Rule 12b-1 under the Act. The Plan provides that the Fund may incur certain costs which may not exceed the lesser of a monthly amount equal to 0.25% of the Fund's daily net assets or the actual distribution costs incurred during the year. Amounts payable under the Plan are paid monthly for any activities or expenses primarily intended to result in the sale of shares of the Fund. For the six month period ending March 31, 2011, no such expenses were incurred.

Under the Fund's organizational documents, each director, officer, employee or other agent of the Fund (including the Fund's investment manager) is indemnified, to the extent permitted by the Act, against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and believes the risk of loss to be remote.

At March 31, 2011, one financial intermediary is the record owner of approximately 16% of the Fund's shares.

NOTES TO FINANCIAL STATEMENTS (Continued)

March 31, 2011 (Unaudited)

(3) Credit Agreement —

U.S. Bank, N.A. has made available to the Fund a \$400,000,000 credit facility pursuant to a Credit Agreement (“Agreement”) effective July 14, 2008 for the purposes of having cash available to satisfy redemption requests. Principal and interest of such loan under the Agreement are due not more than 31 days after the date of the loan. Amounts under the credit facility bear interest at a rate per annum equal to the current prime rate minus one percent on the amount borrowed. Advances will be collateralized by securities owned by the Fund. During the six month period ending March 31, 2011, the Fund did not borrow against the Agreement. The Credit Agreement is renewable annually on June 5.

(4) Distribution to Shareholders —

Net investment income and net realized gains, if any, are distributed to shareholders at least annually.

(5) Investment Transactions —

For the six month period ending March 31, 2011, purchases and proceeds of sales of investment securities (excluding short-term investments) were \$602,962,409 and \$300,733,197, respectively.

(6) Income Tax Information —

The following information for the Fund is presented on an income tax basis as of September 30, 2010:

<u>Cost of Investments</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation on Investments</u>	<u>Distributable Ordinary Income</u>	<u>Distributable Long-Term Capital Gains</u>
\$3,074,478,866	\$391,948,730	\$124,349,779	\$267,598,951	\$24,847,186	\$ —

The difference, if any, between the cost amounts for financial statement and federal income tax purposes is due primarily to timing differences in recognizing certain gains and losses on security transactions.

The tax components of dividends paid during the years ended September 30, 2010 and 2009, capital loss carryovers, which may be used to offset future capital gains, subject to Internal Revenue Code limitations (expiring in 2017 and 2018), as of September 30, 2010, and tax basis post-October losses as of September 30, 2010, which are not recognized for tax purposes until the first day of the following fiscal year are:

<u>September 30, 2010</u>				<u>September 30, 2009</u>	
<u>Ordinary Income Distributions</u>	<u>Long-Term Capital Gains Distributions</u>	<u>Net Capital Loss Carryovers</u>	<u>Post-October Losses</u>	<u>Ordinary Income Distributions</u>	<u>Long-Term Capital Gains Distributions</u>
\$28,040,866	\$ —	\$65,196,857	\$ —	\$13,823,123	\$ —

For corporate shareholders of the Fund, the percentage of dividend income distributed for the year ended September 30, 2010 which is designated as qualifying for the dividends received deduction is 100% (unaudited).

For all shareholders of the Fund, the percentage of dividend income distributed for the year ended September 30, 2010 which is designated as qualified dividend income under the Jobs and Growth Tax Relief Act of 2003, is 100% (unaudited).

FMI Large Cap Fund

ADVISORY AGREEMENT

On December 17, 2010, the Board of Directors of FMI Funds, Inc. (“Directors”) approved the continuation of the FMI Large Cap Fund’s investment advisory agreement with Fiduciary Management, Inc. (“FMI”). Prior to approving the continuation of the investment advisory agreement, the Directors considered:

- the nature, extent and quality of the services provided by FMI
- the investment performance of the Fund
- the cost of the services to be provided and profits to be realized by FMI from its relationship with the Fund
- the extent to which economies of scale would be realized as the Fund grew and whether fee levels reflect any economies of scale
- the expense ratio of the Fund
- the manner in which portfolio transactions for the Fund were conducted, including the use of soft dollars

In considering the nature, extent and quality of the services provided by FMI, the Directors reviewed a report describing the portfolio management, shareholder communication and servicing, prospective shareholder assistance and regulatory compliance services provided by FMI to the Fund. The Directors concluded that FMI was providing essential services to the Fund. In particular, the Directors concluded that FMI was, or will be, preparing reports to shareholders in addition to those required by law, and was providing services to the Fund that were in addition to the services investment advisers typically provide its non-mutual fund clients.

The Directors compared the performance of the Fund to the benchmark index over various periods of time and concluded that the performance of the Fund warranted the continuation of the advisory agreement.

In concluding that the advisory fees payable by the Fund were reasonable, the Directors reviewed a report that concluded that the profits FMI realized from its relationship with the Fund, expressed as a percentage of pre-tax revenues, were generally comparable to that of publicly traded investment advisers. The Directors also reviewed reports comparing the Fund’s expense ratio and advisory fees paid by the Fund to those of other comparable mutual funds and concluded that the advisory fee paid by the Fund and the Fund’s expense ratio, were within the range of comparable mutual funds. The Directors noted that the investment advisory fee was not adjusted if the Fund grew, but did not consider that factor to be significant because of the other factors considered.

Finally, the Directors reviewed reports discussing the manner in which portfolio transactions for the Fund were conducted, including the use of soft dollars. Based on these reports, the Directors concluded that the research obtained by FMI was beneficial to the Fund and that FMI was executing the Fund’s portfolio transactions in a manner designed to obtain best execution for the Fund.

ADDITIONAL INFORMATION

For additional information about the Directors and Officers or for a description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities, please call (800) 811-5311 and request a Statement of Additional Information. One will be mailed to you free of charge. The Statement of Additional Information is also available on the website of the Securities and Exchange Commission (the “Commission”) at <http://www.sec.gov>. Information on how the Fund voted proxies relating to portfolio securities is available on the Fund’s website at <http://www.fmifunds.com> or the website of the Commission no later than August 31 for the prior 12 months ending June 30. The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q. The Fund’s Form N-Q is available on the Commission’s website. The Fund’s Form N-Q may be reviewed and copied at the Commission’s Public Reference Room in Washington, D.C., and that information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

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This report is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of FMI Large Cap Fund unless accompanied or preceded by the Fund's current prospectus. Performance data quoted represents past performance; past performance does not guarantee future results. The 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 the 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.

SEMIANNUAL REPORT
March 31, 2011

FMI
Large Cap
Fund
(FMIHX)

**A NO-LOAD
MUTUAL FUND**
