

# FMI Funds

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Quarterly Review - March 31, 2012

## FMI Focus Fund (FMIOX)

### Investment Objective

Seeks capital appreciation through investments in stocks of companies of all sizes, including small- to mid-capitalization U.S. companies.

**Manager** - The FMI Focus Fund (the "Fund") is advised by Fiduciary Management, Inc. of Milwaukee and sub-advised by Broadview Advisors, LLC. Both firms are 100% employee owned.

**Investment Professionals** – Richard E. Lane, CFA and the investment research team at Broadview Advisors are primarily responsible for the day-to-day management of the Fund.

**Strategy** - The Fund invests in stocks of companies of all sizes, but primarily invests in small- to mid-capitalization (i.e., less than \$5.0 billion of market capitalization) companies, which have substantial capital appreciation potential. Many of these companies have little or no following by the major stock brokerage firms. We look for stocks of businesses that are selling at what we believe are substantial discounts to prices that accurately reflect their future earnings prospects. The Fund takes a "focused" approach to investing, meaning the Fund conducts extensive research (i.e. focuses) on each prospective investment before purchasing.

### Fund Information

Inception Date	12/16/1996
Net Assets	\$595.4 million
Net Asset Value	\$31.98
Expense Ratio (as of 1-31-12 Prospectus)	1.26%
Ticker	FMIOX

Distributed by Rafferty Capital Markets, LLC

Performance	Q1 2012	One Year	Three Years	Five Years	Ten Years	Since Inception
FMIOX	13.69%	1.37%	29.29%	6.67%	7.03%	15.95%
Russell 2000 Index <sup>2</sup>	12.44%	-0.18%	26.90%	2.13%	6.45%	7.19%
Russell 2000 Growth Index <sup>2</sup>	13.28%	0.68%	28.36%	4.15%	6.00%	4.94%

Note: Returns for periods longer than one year are annualized. Inception of the Fund was 12/16/96. Returns may not match those reported by other sources such as Morningstar due to slight valuation differences at the end of the reporting period.

**Manager Commentary** – The economy has clearly improved and has solid momentum. Enormous shale oil and gas discoveries could lead to near energy independence a few years out. Wage stability is driving an industrial renaissance as many jobs are no longer being sent abroad and many jobs are coming back home. These positives are being kept in check by the growing federal budget deficit and a contentious election year. We remain optimistic and like our portfolio of companies in FMIOX.

*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 higher or lower than the performance quoted. Performance data current to the most recent month end may be obtained by visiting [www.fmifunds.com](http://www.fmifunds.com). Risks associated with investing in the Fund are: Stock Market Risk, Small & Medium Capitalization Companies Risk, Value Investing Risk, Market Timing Risk, Leverage Risk, Options Writing & Selling Risk and Short Sales Risk. For details regarding these risks, please refer to the Fund's Prospectus. For more information about the FMI Family of Funds, including fees and expenses, call 1-800-811-5311 for a free prospectus (also available from [www.fmifunds.com](http://www.fmifunds.com)). 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. Please read the prospectus carefully before investing.*

<sup>1</sup> The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which comprises the 3,000 largest U.S. companies based on total market capitalization.

<sup>2</sup> The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

### Top Ten Holdings

SPX Corporation	2.7%
Liz Claiborne, Inc.	2.4%
Interpublic Group of Companies, Inc.	2.2%
Hologic, Inc.	2.0%
Royal Caribbean Cruises Ltd	1.9%
Patterson Companies Inc.	1.9%
Chicago Bridge & Iron Co.	1.9%
Molex Inc. (Cl A)	1.7%
HealthSouth Corp.	1.7%
Hexcel Corp.	1.7%

### Portfolio Valuations

P/E ratio (trailing one year)	18.4x
P/E ratio (forward 4 quarters)	15.1x
P/S ratio	0.9x
P/B ratio	2.0x
EV/EBITDA	9.7x
Number of holdings	84

### Top Ten Sectors

