
QUARTERLY REPORT
December 31, 2011

FMI Large Cap Fund
(FMIHX)

FMI Common Stock Fund, Inc.
(FMIMX)

FMI International Fund
(FMIIX)



FMI Funds

Advised by Fiduciary Management, Inc.
www.fmifunds.com

TABLE OF CONTENTS

Summary Information	3
FMI Large Cap Fund	
Shareholder Letter	4
Statement of Net Assets	9
FMI Common Stock Fund, Inc.	
Shareholder Letter	11
Statement of Net Assets	16
FMI International Fund	
Shareholder Letter	18
Statement of Net Assets	22

FMI Funds
SUMMARY INFORMATION

Performance for Period Ended December 31, 2011	FMI Large Cap Fund FMIHX	FMI Common Stock Fund FMIMX	FMI International Fund FMIJX
3 Months	10.71%	15.84%	8.78%
1 Year	1.49%	4.52%	-1.77%
Average Annualized Total Return for:			
3 Year	13.61%	19.57%	N/A
5 Year	2.22%	5.93%	N/A
10 Year	6.44%	9.04%	N/A
Since Inception	6.44% (12/31/01)	12.07% (12/18/81)	-1.77% (12/31/10)

The S&P 500 Index, benchmark for FMIHX, 1-year and annualized 5-year and 10-year and since inception (December 31, 2001) returns through December 31, 2011 were 2.11%, -0.25%, 2.92% and 2.92%, respectively.

The Russell 2000 Index, benchmark for FMIMX, 1-year and annualized 5-year and 10-year and since inception (December 18, 1981) returns through December 31, 2011 were -4.18%, 0.15%, 5.62% and 9.80%, respectively.

The MSCI EAFE Index (LOC), benchmark for FMIJX, 1-year return and annualized 5-year and 10-year and since inception (December 31, 2010) returns through December 31, 2011 were -12.15%, -6.61%, 0.67% and -12.15%, respectively.

The MSCI EAFE Index (USD), benchmark for FMIJX, 1-year return and annualized 5-year and 10-year and since inception (December 31, 2010) returns through December 31, 2011 were -12.14%, -4.72%, 4.67% and -12.14% respectively.

The Standard and Poor's 500 Index consists of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Standard & Poor'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 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.

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. & Canada. As of May 27, 2010 the MSCI EAFE Index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The MSCI EAFE Index is unmanaged and investors cannot invest directly in the Index. 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 Index is calculated in local currency as well as in USD. The concept of a local currency calculation excludes the impact of currency fluctuations. All currencies of listing are considered in the Index calculation in local currency 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 local currency 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.

MSCI EAFE is a service mark of MSCI Barra.

This report is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the FMI Funds unless accompanied or preceded by such 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 a Fund may be lower or higher than the performance quoted. 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 current to the most recent month end may be obtained by visiting www.fmfunds.com or by calling 1-800-811-5311.

As of the Funds' Prospectuses dated January 31, 2011, the FMI Large Cap Fund and the FMI Common Stock Fund's annual operating expense ratios are 0.97% and 1.24%, respectively and as of December 31, 2010, the FMI International Fund's annual operating expense ratio is 1.00%.

For more information about the FMI Funds, call (800) 811-5311 for free prospectuses. Please read the prospectuses carefully to consider the investment objectives, risks, charges and expenses, before investing or sending money. The prospectuses contain this and more information about the FMI Funds. Please read the prospectuses carefully before investing.

Please note the FMI Common Stock Fund, Inc. is currently closed to new investors.

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.

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FMI Large Cap Fund

December 31, 2011

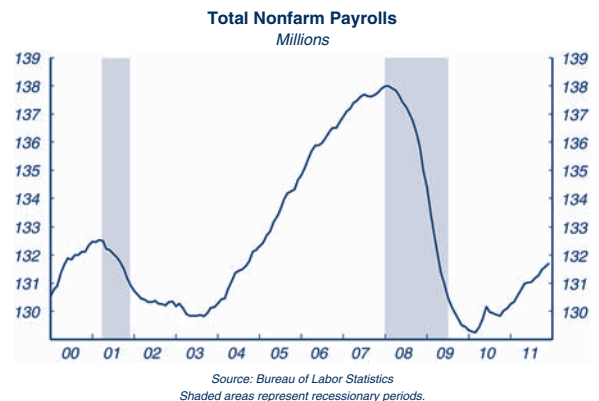
Dear Fellow Shareholders:

The FMI Large Cap Fund returned 10.71% in the December quarter compared to 11.82% for the benchmark Standard & Poor's 500 Index. In the last three months, Energy, Consumer Non-Durables and Finance underperformed the benchmark. Nestlé, Kimberly-Clark, Bank of New York Mellon and American Express were negative contributors. We continue to like these investments. On the positive side, Commercial Services, Producer Manufacturing and Consumer Services outperformed their S&P 500 counterparts. Cintas, 3M and Time Warner helped considerably in the quarter. For the year, the Fund was slightly below the S&P 500, primarily due to the Energy area, where we underperformed from both a sector and selection standpoint. Looking ahead, we are not particularly bullish on energy, although we like Devon, our pick in that industry. Overall, the calendar year was characterized by enormous volatility and uncertainty. We like the companies we own and their valuations are more attractive than a year ago. Still, the investment results were frustrating, although not terribly surprising given the macro backdrop.

The anxiety and unease of the people can't seem to be shaken. Why?

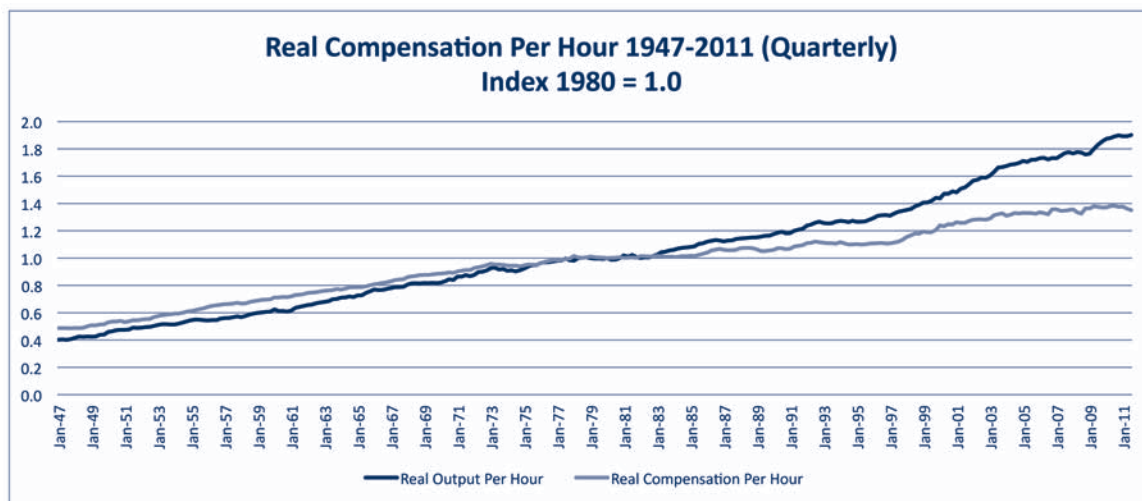
It is more than the fact that the United States, Europe and Japan have piled on debt and long-term obligations that cannot realistically be funded. It is more than our inability to decide what to tax or what to cut in order to put our collective fiscal houses in order. It is more than the deep-seated knowledge that spending more money that we don't have can't possibly be the solution to overspending in the first place. It is more than knowing that growing central bank balance sheets (a.k.a. quantitative easing) simply devalues our currency. It is more than the anger that comes with knowing that most of the major commercial and investment banks are even larger today than the last time they were considered too big to fail, thereby requiring taxpayer bailouts. It is more than the recognition that the wars in Iraq and Afghanistan have come at great human sacrifice, have been enormously expensive and sadly, have been largely ineffectual. It is more than the realization that our houses are expenses rather than investments. It is more than the understanding that equities (as measured by the popular indices) have been running in place for more than a decade.

The underlying angst seems to be centered primarily on employment. Of all the economic variables, geopolitical statistics, budgetary items and market figures, nothing compares to the importance of work and getting paid for it. Today's total U.S. employment, 131.5 million, is the same as it was eleven years ago, while over this time the workforce is at least 13 million higher and population is 28 million greater. There are upwards of 24 million people unemployed or underemployed. While there are certainly some government policies that influence employment (the extension of unemployment benefits, payroll taxes, visas, immigration, etc.) as well as public policies affecting business formation, it appears the current cyclically high unemployment is being exacerbated by underlying secular factors.



What is lost in the current conversation about Keynesian stimulus, relative tax rates and access to credit is that to some extent, what is "happening" to Americans reflects forces beyond our control. Real wages and benefits grew significantly for roughly forty years following World War II. The United States took advantage of its abundant resources, population growth and educational system to dramatically improve labor productivity, increase income and raise the standard of living. The domestic market was large enough to sustain this virtuous cycle. Real compensation grew 89% from 1950-1980. On a

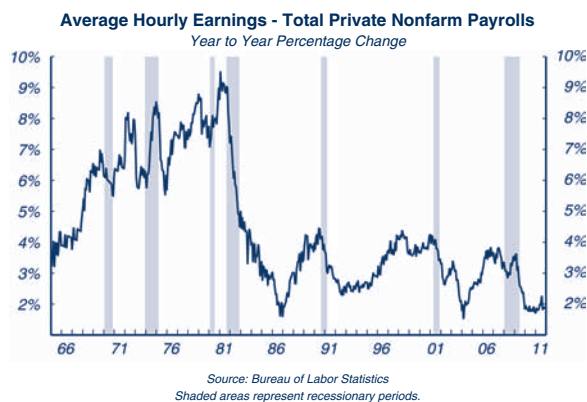
purchase power parity basis, the U.S. enjoyed not only a huge advantage over developing countries, but also an edge over other developed nations, who experienced this same phenomenon, but not to the same extent. Most second and third world countries faced structural problems, including deficient property rights, shaky legal systems, closed markets, corruption, and poor access to capital. This started to change in the late 1970s, particularly in China, when Deng Xiaoping instituted economic reforms following the death of Chairman Mao. While it would take a couple of decades for China to become a real economic force, countries such as Taiwan and Korea started to exert pressure on U.S. labor markets in the 1980s and 1990s. As the following chart illustrates, real compensation per hour began to flatten out in the 1980s and has been on a much lower growth path since. From 1980-2010, the growth rate declined to 37% from the prior thirty years' 89% pace.



Source: Federal Reserve Bank of St. Louis

Most of us remember the wrenching turmoil the domestic automobile industry experienced in the 1980s as the quality and value of Japanese autos improved and their exports soared. U.S. automobile employment shrunk significantly and would never recover. This was, however, just the beginning as manufacturing in a vast array of industries was starting to be transformed. Cheap communications, inexpensive plant construction and operating costs, advanced software and logistics, and expensive U.S. labor costs were the catalysts in this phenomenon. While we've all enjoyed the wonderfully innovative and low-priced products globalization has created, it has come at a cost to the U.S. manufacturing base. Manufacturing employment went from 18.7 million in 1980 to 11.5 million in 2010. That is in a country whose population has grown to over 300 million from 226 million in 1980. Aside from manufacturing, the information technology industry has also been transformed. Cheap communications and well-educated English speaking foreigners from India and elsewhere brought additional pressure on both jobs and wages for many U.S. technology workers. Years ago we discussed these issues in the context of world wage disintermediation and "the China price" along with the impact it was having across a broad spectrum of companies. This is not a new trend and there is no way to say for sure it has run its course.

As the accompanying chart shows, if nominal wage growth remains low (today it is less than 2%), real wages will run negative as long as the inflation rate is above 2%. Indeed, real per capita income in the United States today is approximately \$32,000, which is about the same as in December of 2004. Emerging market real wages, on the other hand, have grown significantly. What we are feeling is a loss of relative ground. It is painful and right now it seems like there is no end in sight. The transformation of the developing world, however, has been rapid. Eventually, as standards of living converge, real wages will start to pick up in the U.S. We can certainly help this along with positive tax, immigration, and spending policies, as well as the continuing push for better K-12 education.



Source: Bureau of Labor Statistics
Shaded areas represent recessionary periods.

It is our contention that a meaningful part of the transformation may already have played out. Wages have been growing very rapidly in China, Brazil, India and other developing countries, and corporations have also come to understand that supply chain, intellectual property and quality issues can have an enormous impact on the outsourcing decision. We are seeing an increase in the “reshoring” of businesses that had formerly gone overseas. In a recent study, the Boston Consulting Group estimated that as many as 3 million jobs will be created by 2020 from the reshoring of overseas jobs. The downward curve seems to be flattening, although this is hard to discern because of the depth of the current cycle. If there is a worldwide recession or financial panic, it probably delays the onset of any sort of equilibrium.

Imagine, for a moment, if we viewed the employment issue from a different angle, perhaps from that of a global sociologist. According to the World Bank, from 1994-2005, 572 million people escaped poverty in China. 98 million Indians accomplished the same thing. We cannot find reliable data for the past six years, but various authors have suggested over a billion people in the developing world have escaped poverty over the past two decades. The Asian Development Bank reports 273 million Indians are now in the middle class and we’ve seen higher figures for China. It may be one of the most remarkable achievements mankind has ever seen. That the people who accomplished this have better lives is rather obvious, but what will be their benefit to the rest of the world over the next thirty years and beyond? What will be the value of another billion people surmounting this hurdle? How many products, innovations and services will these two billion people undertake? Will there be two billion more people who have time and perhaps some resources to push for democracy or at least additional freedoms? Will two billion more people conclude they have something to live for and perhaps be disinclined to engage in harmful activities? What if the global sociologist concluded that the loss of 10-30 million jobs in the developed world was the cost to jump-start the transformation of Asia and the developing world? One might conclude that this was a small price to pay. In a period of such pessimism in the developed world, it is important to take inventory of how much better off the whole world is today compared to a decade ago.

Naturally, there are plenty of prognosticators on the other side of this issue, who believe that the rapid relative growth of the developing world will continue to suppress wages and employment in the developed world. That little employment or wage growth took place in the 2010-2011 recovery is certainly disconcerting, but perhaps the extreme budget and debt issues that have dominated the landscape have resulted in unusual caution on the hiring front.

Recently, stock markets have been highly volatile and unable to sustain solid returns. Economies have likewise struggled. Across the developed world, people can’t bring themselves to the understanding that things may be permanently changed. They want back their old job and old benefits. They want back the money lost in their houses, they want back their stock market and currency losses, and they want back their old retirement plans. It isn’t likely to come back, regardless of who is in charge. It’s surprising to see the number of private sector workers that stand in solidarity with protesting public sector workers considering what has transpired over the past sixty years. Federal public sector total compensation in 1950 was 119% of private sector total compensation. By 2010 it was 201%.

Total Compensation — BEA.gov Table 6.2 B,C,D / 6.5 B,C,D	1950	1960	1970	1980	1990	2000	2010
Private Industry Employees FT Equivalent	41,099	46,103	56,554	70,958	85,602	104,283	100,539
Federal Civilian Employees FT Equivalent	1,417	1,704	1,959	2,069	2,221	1,869	2,091
Private Industry Total Compensation	131,318	243,031	484,984	1,316,382	2,645,335	4,773,287	6,309,507
Federal Civilian Total Compensation	5,401	11,106	23,429	58,228	103,268	142,394	263,760
Private Industry Compensation/Employee	\$ 3.20	\$ 5.27	\$ 8.58	\$ 18.55	\$ 30.90	\$ 45.77	\$ 62.76
Federal Civilian Compensation/Employee	\$ 3.81	\$ 6.52	\$ 11.96	\$ 28.14	\$ 46.50	\$ 76.19	\$ 126.14
Federal Civilian Comp as % of Private Industry Comp	119%	124%	139%	152%	150%	166%	201%

Following is an updated table we first published in June of 2010. Since 1965, spending on payments for individuals, or entitlements (64% of the U.S. budget) has grown at a 9.9% clip. Since 1985, the growth rate has been 6.9%. Population and inflation have grown at a 1.4% and 4.4% rate, respectively since 1965 and a 1.2% rate and 2.9% rate, respectively since 1985. Defense spending (20% of the budget) has grown at a 6% rate since 1965 and a 4.1% rate since 1985.

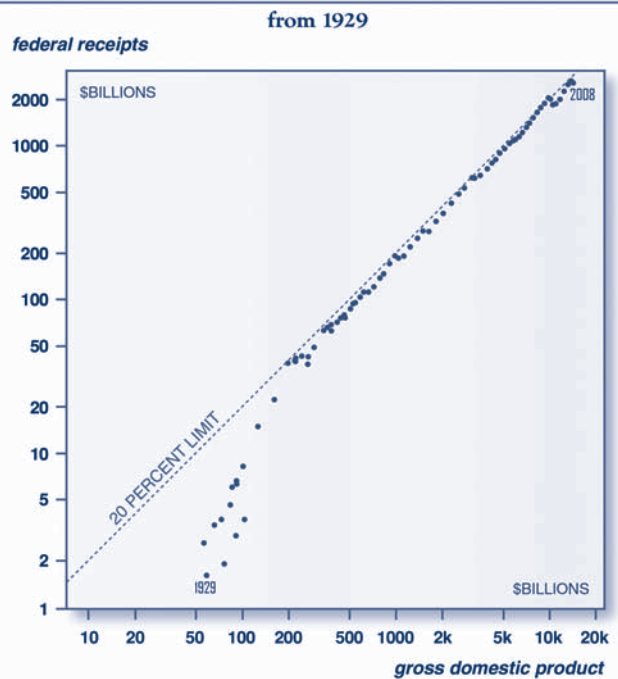
	Annualized Growth 1965-2010	Annualized Growth 1985-2010
Inflation (CPI)	4.40%	2.90%
Population	1.41%	1.16%
Social Security	8.50%	5.40%
Medical Care	14.70%	8.80%
Federal Employee Retirement	8.10%	4.90%
Public Assistance (PA) and Related Programs	8.50%	8.20%
Other PA (Unemployment, Students, Housing, Food, Other)	10.70%	7.60%
Total Payments for Individuals	9.90%	6.90%
National Defense Spending	6.00%	4.10%

No government can continue to pay benefits or spend on national defense at a rate that exceeds the underlying growth of the economy or the private sector's ability to generate tax revenue. The people standing to lose are angry and they want to blame somebody (the rich). This accomplishes little and if the sentiment is left unchecked, it could take the country on a dangerous path. In the March 2011 letter we articulated the fact that there are only 321,294 people in the U.S. making more than a million dollars in income.¹ We could increase taxes on this group by 50% and raise only \$130 billion, which is 8.7% of 2011's deficit and less than 1% of the total government debt and this assumes these high earners don't take any mitigating actions (defer or hide income, delay capital gains or opt for leisure). Applying the same formula down to the 4.4 million people earning more than \$200,000 would generate only \$272 billion in revenue, less than 20% of the annual deficit.

The accompanying chart reprinted from the same letter shows very clearly that over the past eighty years, it has been virtually impossible to raise more than 20% of GDP, regardless of the tax rate.

There are certainly no easy answers, but one has to recognize that spending is far too high. Loopholes and deductions also have to be eliminated. Tax policy should be simpler and flatter, with no ability for high income earners to pay a lower rate than people beneath them. We feel the stock markets will not achieve lasting improvement until governments prove they can spend within their means. Business people are going to be reluctant to make capital and labor investments unless they feel the system will be sound for the long haul. Unlike Keynesians, who believe government spending cuts will result in declining economic growth, we believe the opposite. While there might be some very short term impacts from reduced government outlays, it is our sense from talking to many corporate leaders and private business people that they are poised to hire and invest, once they sense the country is on a sound and sustainable fiscal path.

Hauser's Law: Federal Revenue Will Not Exceed 20 Percent of GDP



¹ 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.

Today marks the tenth anniversary of the FMI Large Cap Fund. When we started the Fund, the Standard & Poor's 500 Index traded at 46.5 times the prior twelve months reported earnings and 30.0 times operating earnings (before write-offs). We indicated in our very first FMIHX shareholder letter that valuations were extraordinarily high and that we expected difficult returns for the S&P 500. On a total cumulative return basis, the S&P 500 gained 33.35% over the past decade, or 2.92% compounded. FMIHX gained 86.68% during this period, for a total compound annual return of 6.44%. Most of the rating services rank the Fund near the top of its class. These results have been achieved while taking less risk than the market, at least as measured by volatility of returns. Today, valuations are much more reasonable, with the S&P 500 trading at approximately 14 times 2012 earnings and FMIHX trading at around 12 times. With sentiment poor and valuations reasonable, the next decade looks more favorable than the last.

On December 29, 2011, our Board of Directors declared a distribution of \$0.05522546 per share from net investment income, \$0.00758 per share from short-term capital gains which will be treated as ordinary income and \$0.07187 per share from long-term capital gains, payable December 30, 2011, to shareholders of record on December 28, 2011.

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

Sincerely,



Ted D. Kellner, CFA
Executive Chairman



Patrick J. English, CFA
CEO & Chief Investment Officer

FMI Large Cap Fund
STATEMENT OF NET ASSETS (Continued)

December 31, 2011 (Unaudited)

<u>Shares</u>	<u>Value (b)</u>
COMMON STOCKS — 96.0% (a) (Continued)	
TRANSPORTATION SECTOR — 4.3%	
Air Freight/Couriers — 4.3%	
2,650,000	United Parcel Service, Inc. — CI B \$ 193,953,500
	Total common stocks <u>4,297,132,590</u>
	Total investments — 96.0% . . . 4,297,132,590
	Cash and receivables, less liabilities — 4.0% (a) <u>180,764,868</u>
	TOTAL NET ASSETS —
	100.0% <u><u>\$4,477,897,458</u></u>
	Net Asset Value Per Share
	(\$0.0001 par value, 400,000,000 shares authorized), offering and redemption price (\$4,477,897,458 ÷ 293,606,915 shares outstanding) \$ <u>15.25</u>

- (a) Percentages for the various classifications relate to net assets.
 (b) 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 Nasdaq Markets are valued at the Nasdaq Official Closing Price, or if no sale is reported, the latest bid price. Short-term investments with maturities of 60 days or less are valued at amortized cost which approximates value.

PLC – Public Limited Company
 SP-ADR – Sponsored American Depositary Receipt

FMI Common Stock Fund, Inc.

December 31, 2011

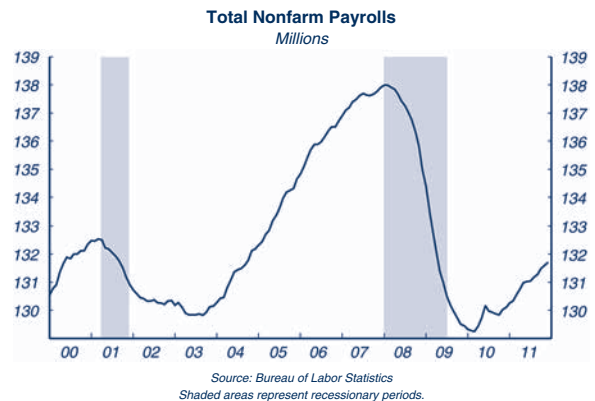
Dear Fellow Shareholders:

The FMI Common Stock Fund returned 15.84% in the December quarter compared to 15.47% for the benchmark Russell 2000 Index. Cash, Process Industries and Industrial Services were negative contributing sectors. Relative to the large capitalization indices, valuations in the small cap arena remain unattractive and we have struggled to find strong franchises at cheap prices. This gave rise to higher than normal cash which we have now worked down to approximately 6%. Sigma-Aldrich and Bemis detracted from performance in the quarter. On the positive front, Non-Energy Minerals, Producer Manufacturing and Finance added to our results, driven by Eagle Materials, Carlisle, and Protective Life. For the calendar year, the Fund gained 4.52% compared to negative 4.18% for the Russell 2000 benchmark. Despite this satisfying comparative performance, 2011 was a frustrating year from a big picture standpoint.

The anxiety and unease of the people can't seem to be shaken. Why?

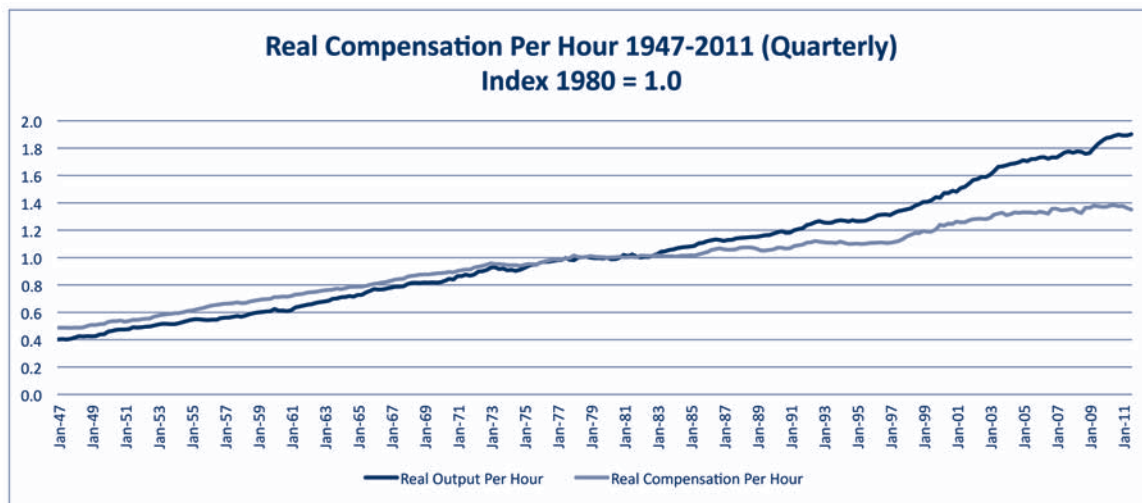
It is more than the fact that the United States, Europe and Japan have piled on debt and long-term obligations that cannot realistically be funded. It is more than our inability to decide what to tax or what to cut in order to put our collective fiscal houses in order. It is more than the deep-seated knowledge that spending more money that we don't have can't possibly be the solution to overspending in the first place. It is more than knowing that growing central bank balance sheets (a.k.a. quantitative easing) simply devalues our currency. It is more than the anger that comes with knowing that most of the major commercial and investment banks are even larger today than the last time they were considered too big to fail, thereby requiring taxpayer bailouts. It is more than the recognition that the wars in Iraq and Afghanistan have come at great human sacrifice, have been enormously expensive and sadly, have been largely ineffectual. It is more than the realization that our houses are expenses rather than investments. It is more than the understanding that equities (as measured by the popular indices) have been running in place for more than a decade.

The underlying angst seems to be centered primarily on employment. Of all the economic variables, geopolitical statistics, budgetary items and market figures, nothing compares to the importance of work and getting paid for it. Today's total U.S. employment, 131.5 million, is the same as it was eleven years ago, while over this time the workforce is at least 13 million higher and population is 28 million greater. There are upwards of 24 million people unemployed or underemployed. While there are certainly some government policies that influence employment (the extension of unemployment benefits, payroll taxes, visas, immigration, etc.) as well as public policies affecting business formation, it appears the current cyclically high unemployment is being exacerbated by underlying secular factors.



What is lost in the current conversation about Keynesian stimulus, relative tax rates and access to credit is that to some extent, what is "happening" to Americans reflects forces beyond our control. Real wages and benefits grew significantly for roughly forty years following World War II. The United States took advantage of its abundant resources, population growth and educational system to dramatically improve labor productivity, increase income and raise the standard of living. The domestic market was large enough to sustain this virtuous cycle. Real compensation grew 89% from 1950-1980. On a purchase power parity basis, the U.S. enjoyed not only a huge advantage over developing countries, but also an edge over other developed nations, who experienced this same phenomenon, but not to the same extent. Most second and third world

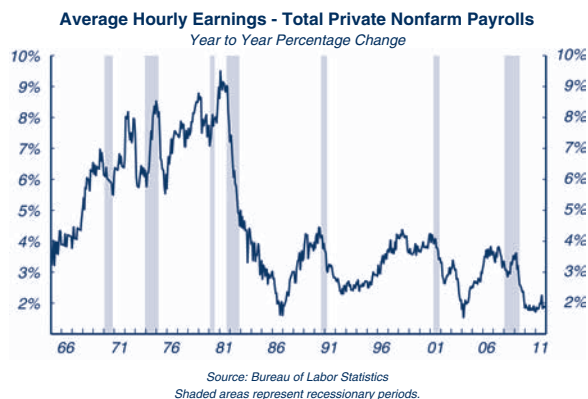
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Source: Federal Reserve Bank of St. Louis

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Source: Bureau of Labor Statistics
Shaded areas represent recessionary periods.

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supply chain, intellectual property and quality issues can have an enormous impact on the outsourcing decision. We are seeing an increase in the “reshoring” of businesses that had formerly gone overseas. In a recent study, the Boston Consulting Group estimated that as many as 3 million jobs will be created by 2020 from the reshoring of overseas jobs. The downward curve seems to be flattening, although this is hard to discern because of the depth of the current cycle. If there is a worldwide recession or financial panic, it probably delays the onset of any sort of equilibrium.

Imagine, for a moment, if we viewed the employment issue from a different angle, perhaps from that of a global sociologist. According to the World Bank, from 1994-2005, 572 million people escaped poverty in China. 98 million Indians accomplished the same thing. We cannot find reliable data for the past six years, but various authors have suggested over a billion people in the developing world have escaped poverty over the past two decades. The Asian Development Bank reports 273 million Indians are now in the middle class and we’ve seen higher figures for China. It may be one of the most remarkable achievements mankind has ever seen. That the people who accomplished this have better lives is rather obvious, but what will be their benefit to the rest of the world over the next thirty years and beyond? What will be the value of another billion people surmounting this hurdle? How many products, innovations and services will these two billion people undertake? Will there be two billion more people who have time and perhaps some resources to push for democracy or at least additional freedoms? Will two billion more people conclude they have something to live for and perhaps be disinclined to engage in harmful activities? What if the global sociologist concluded that the loss of 10-30 million jobs in the developed world was the cost to jump-start the transformation of Asia and the developing world? One might conclude that this was a small price to pay. In a period of such pessimism in the developed world, it is important to take inventory of how much better off the whole world is today compared to a decade ago.

Naturally, there are plenty of prognosticators on the other side of this issue, who believe that the rapid relative growth of the developing world will continue to suppress wages and employment in the developed world. That little employment or wage growth took place in the 2010-2011 recovery is certainly disconcerting, but perhaps the extreme budget and debt issues that have dominated the landscape have resulted in unusual caution on the hiring front.

Recently, stock markets have been highly volatile and unable to sustain solid returns. Economies have likewise struggled. Across the developed world, people can’t bring themselves to the understanding that things may be permanently changed. They want back their old job and old benefits. They want back the money lost in their houses, they want back their stock market and currency losses, and they want back their old retirement plans. It isn’t likely to come back, regardless of who is in charge. It’s surprising to see the number of private sector workers that stand in solidarity with protesting public sector workers considering what has transpired over the past sixty years. Federal public sector total compensation in 1950 was 119% of private sector total compensation. By 2010 it was 201%.

Total Compensation — BEA.gov Table 6.2 B,C,D / 6.5 B,C,D	1950	1960	1970	1980	1990	2000	2010
Private Industry Employees FT Equivalent	41,099	46,103	56,554	70,958	85,602	104,283	100,539
Federal Civilian Employees FT Equivalent	1,417	1,704	1,959	2,069	2,221	1,869	2,091
Private Industry Total Compensation	131,318	243,031	484,984	1,316,382	2,645,335	4,773,287	6,309,507
Federal Civilian Total Compensation	5,401	11,106	23,429	58,228	103,268	142,394	263,760
Private Industry Compensation/Employee	\$ 3.20	\$ 5.27	\$ 8.58	\$ 18.55	\$ 30.90	\$ 45.77	\$ 62.76
Federal Civilian Compensation/Employee	\$ 3.81	\$ 6.52	\$ 11.96	\$ 28.14	\$ 46.50	\$ 76.19	\$ 126.14
Federal Civilian Comp as % of Private Industry Comp	119%	124%	139%	152%	150%	166%	201%

Following is an updated table we first published in June of 2010. Since 1965, spending on payments for individuals, or entitlements (64% of the U.S. budget) has grown at a 9.9% clip. Since 1985, the growth rate has been 6.9%. Population and inflation have grown at a 1.4% and 4.4% rate, respectively, since 1965 and a 1.2% rate and 2.9% rate, respectively, since 1985. Defense spending (20% of the budget) has grown at a 6% rate since 1965 and a 4.1% rate since 1985.

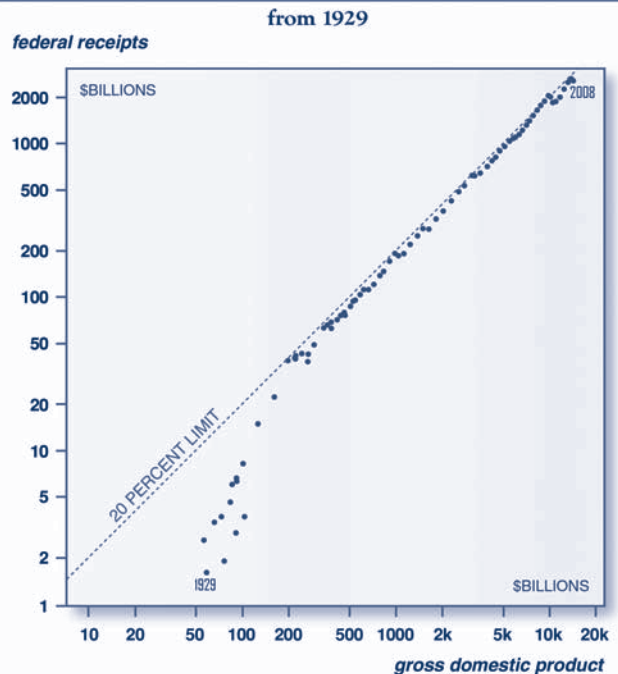
	Annualized Growth 1965-2010	Annualized Growth 1985-2010
Inflation (CPI)	4.40%	2.90%
Population	1.41%	1.16%
Social Security	8.50%	5.40%
Medical Care	14.70%	8.80%
Federal Employee Retirement	8.10%	4.90%
Public Assistance (PA) and Related Programs	8.50%	8.20%
Other PA (Unemployment, Students, Housing, Food, Other)	10.70%	7.60%
Total Payments for Individuals	9.90%	6.90%
National Defense Spending	6.00%	4.10%

No government can continue to pay benefits or spend on national defense at a rate that exceeds the underlying growth of the economy or the private sector's ability to generate tax revenue. The people standing to lose are angry and they want to blame somebody (the rich). This accomplishes little and if the sentiment is left unchecked, it could take the country on a dangerous path. In the March 2011 letter we articulated the fact that there are only 321,294 people in the U.S. making more than a million dollars in income.¹ We could increase taxes on this group by 50% and raise only \$130 billion, which is 8.7% of 2011's deficit and less than 1% of the total government debt and this assumes these high earners don't take any mitigating actions (defer or hide income, delay capital gains or opt for leisure). Applying the same formula down to the 4.4 million people earning more than \$200,000 would generate only \$272 billion in revenue, less than 20% of the annual deficit.

The accompanying chart reprinted from the same letter shows very clearly that over the past eighty years, it has been virtually impossible to raise more than 20% of GDP, regardless of the tax rate.

There are certainly no easy answers, but one has to recognize that spending is far too high. Loopholes and deductions also have to be eliminated. Tax policy should be simpler and flatter, with no ability for high income earners to pay a lower rate than people beneath them. We feel the stock markets will not achieve lasting improvement until governments prove they can spend within their means. Business people are going to be reluctant to make capital and labor investments unless they feel the system will be sound for the long haul. Unlike Keynesians, who believe government spending cuts will result in declining economic growth, we believe the opposite. While there might be some very short term impacts from reduced government outlays, it is our sense from talking to many corporate leaders and private business people that they are poised to hire and invest, once they sense the country is on a sound and sustainable fiscal path.

Hauser's Law: Federal Revenue Will Not Exceed 20 Percent of GDP



¹ 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.

The FMI Common Stock is thirty years old!² On a cumulative basis over the past thirty years, inflation is 140.94%. Gold is up 293.38%. Home prices are up 191% (through October). The Russell 2000 Index generated a cumulative return of 1556.54%, for an annualized return of 9.80%. Over the past thirty years, FMIMX has appreciated 2967.67%, for an annualized return of 12.07%.³ Most of the rating services rank the Fund near the top of its class. These results have been achieved while taking less risk than the market, at least as measured by volatility of returns. While small-to-mid cap stocks in general are not especially inviting right now on a valuation basis, we feel FMIMX trades at a reasonable level of approximately 13 times 2012 earnings.

On December 29, 2011, our Board of Directors declared a distribution of \$0.01152508 per share from net investment income, \$0.03862 per share from short-term capital gains which will be treated as ordinary income and \$0.15429 per share from long-term capital gains, payable December 30, 2011, to shareholders of record on December 28, 2011.

Thank you for your support of the FMI Common Stock Fund.

Sincerely,



Ted D. Kellner, CFA
Executive Chairman



Patrick J. English, CFA
CEO & Chief Investment Officer

² Inception date 12/18/81. The Russell 2000 and Gold price are calculated from that date. Inflation is calculated from 12/31/81.

³ Inflation is calculated from 12/31/1981-11/30/2011. Gold is calculated from 12/31/1981-12/31/2011. Russell 2000 Index and FMI Common Stock Fund performances are calculated from 12/18/1981-12/31/2011.

STATEMENT OF NET ASSETS

December 31, 2011 (Unaudited)

<u>Shares</u>	<u>Value (b)</u>	<u>Shares</u>	<u>Value (b)</u>
COMMON STOCKS — 93.8% (a)		FINANCE SECTOR — 11.1% (Continued)	
COMMERCIAL SERVICES SECTOR — 9.0%		Regional Banks — 1.4%	
		293,000	Cullen/Frost Bankers, Inc. \$ 15,502,630
Advertising/Marketing Services — 1.3%		HEALTH SERVICES SECTOR — 3.8%	
1,556,000	Harte-Hanks, Inc. \$ 14,144,040	Health Industry Services — 2.3%	
Financial Publishing/Services — 3.8%		552,000	Covance Inc. 25,237,440
549,000	The Dun & Bradstreet Corporation 41,081,670	Medical/Nursing Services — 1.5%	
Miscellaneous Commercial Services — 3.9%		809,000	VCA Antech, Inc. 15,977,750
736,000	Cintas Corp. 25,620,160	HEALTH TECHNOLOGY SECTOR — 3.4%	
1,000,000	TeleTech Holdings, Inc. 16,200,000	Medical Specialties — 3.4%	
	41,820,160	227,875	Bio-Rad Laboratories, Inc. 21,885,115
CONSUMER DURABLES SECTOR — 1.3%		408,000	West Pharmaceutical Services, Inc. 15,483,600
Other Consumer Specialties — 1.3%			37,368,715
414,000	Mine Safety Appliances Co. 13,711,680	INDUSTRIAL SERVICES SECTOR — 4.3%	
CONSUMER NON-DURABLES SECTOR — 1.8%		Oilfield Services/Equipment — 4.3%	
Food: Specialty/Candy — 1.8%		563,000	Bristow Group, Inc. 26,680,570
286,000	Lancaster Colony Corporation 19,831,240	399,000	Dresser-Rand Group, Inc. 19,914,090
DISTRIBUTION SERVICES SECTOR — 12.3%			46,594,660
Electronics Distributors — 6.8%		MISCELLANEOUS SECTOR — 0.9%	
1,248,000	Arrow Electronics, Inc. 46,687,680	Investment Trusts/Mutual Funds — 0.9%	
751,000	ScanSource, Inc. 27,036,000	457,000	PICO Holdings, Inc. 9,405,060
	73,723,680	NON-ENERGY MINERALS SECTOR — 2.7%	
Medical Distributors — 3.9%		Construction Materials — 2.7%	
1,433,000	Patterson Companies Inc. 42,302,160	1,143,575	Eagle Materials Inc. 29,344,134
Wholesale Distributors — 1.6%		PROCESS INDUSTRIES SECTOR — 10.3%	
538,000	United Stationers Inc. 17,517,280	Chemicals: Specialty — 2.6%	
ELECTRONIC TECHNOLOGY SECTOR — 1.7%		181,050	Innophos Holdings, Inc. 8,791,788
Aerospace & Defense — 1.7%		315,000	Sigma-Aldrich Corp. 19,674,900
326,000	Alliant Techsystems Inc. 18,634,160		28,466,688
FINANCE SECTOR — 11.1%		Containers/Packaging — 4.9%	
Insurance Brokers/Services — 4.0%		651,000	AptarGroup, Inc. 33,962,670
1,293,000	Arthur J. Gallagher & Co. 43,237,920	638,000	Bemis Company, Inc. 19,191,040
Life/Health Insurance — 2.1%			53,153,710
997,000	Protective Life Corp. 22,492,320	Industrial Specialties — 2.8%	
Property/Casualty Insurance — 3.6%		127,250	H.B. Fuller Company 2,940,748
1,145,000	W.R. Berkley Corp. 39,376,550	702,000	Valspar Corp. 27,356,940
			30,297,688

STATEMENT OF NET ASSETS (Continued)

December 31, 2011 (Unaudited)

<u>Shares</u>		<u>Value (b)</u>	<u>Shares</u>		<u>Value (b)</u>
COMMON STOCKS — 93.8% (a) (Continued)			TECHNOLOGY SERVICES SECTOR — 5.7%		
PRODUCER MANUFACTURING SECTOR — 14.1%			Data Processing Services — 3.0%		
	Electrical Products — 3.2%		1,434,000	Broadridge Financial Solutions Inc.	\$ 32,336,700
1,735,000	Molex Inc. CI A	\$ 34,318,300		Information Technology Services — 2.7%	
	Industrial Conglomerates — 2.3%		885,000	Jack Henry & Associates, Inc.	29,744,850
407,000	SPX Corporation	24,529,890		TRANSPORTATION SECTOR — 4.1%	
	Industrial Machinery — 3.3%			Marine Shipping — 1.8%	
604,000	Kennametal Inc.	22,058,080	303,000	Kirby Corp.	19,949,520
333,000	Woodward Inc.	13,629,690		Trucking — 2.3%	
		35,687,770	542,000	J.B. Hunt Transport Services, Inc.	24,427,940
	Miscellaneous Manufacturing — 2.6%			Total common stocks	1,014,869,501
626,000	Carlisle Companies Inc.	27,731,800		Total investments — 93.8% ...	1,014,869,501
	Office Equipment/Supplies — 2.7%			Cash and receivables, less liabilities — 6.2% (a) ...	66,620,250
1,013,000	Avery Dennison Corporation ...	29,052,840		TOTAL NET ASSETS — 100.0%	\$1,081,489,751
	RETAIL TRADE SECTOR — 7.3%			Net Asset Value Per Share (\$0.01 par value, indefinite shares authorized), offering and redemption price (\$1,081,489,751 ÷ 44,932,344 shares outstanding)	\$ 24.07
	Catalog/Specialty Distribution — 1.0%				
289,000	HSN, Inc.	10,479,140			
	Discount Stores — 2.3%				
425,000	Family Dollar Stores, Inc.	24,505,500			
	Food Retail — 1.9%				
471,650	Ruddick Corp.	20,111,156			
	Specialty Stores — 2.1%				
444,000	PetSmart, Inc.	22,772,760			

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

(b) 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 Nasdaq Markets are valued at the Nasdaq Official Closing Price, or if no sale is reported, the latest bid price. Short-term investments with maturities of 60 days or less are valued at amortized cost which approximates value.

FMI International Fund

December 31, 2011

Dear Fellow Shareholders:

Overview of Performance and Markets

The FMI International Fund (“FMIIX”) gained 8.78% in the fourth quarter of 2011, compared with the benchmark MSCI EAFE Index, which increased 4.07% in local currency and 3.33% in U.S. Dollars (USD). For the calendar year-to-date, the Fund’s first full year since inception, FMIIX declined -1.77% compared with benchmark returns of -12.15% in local currency and -12.14% in U.S. Dollars (USD), respectively. During the fourth quarter, performance was driven by strength in the Non-Energy Minerals, Electronic Technology and Consumer Services sectors, while Consumer Durables and Commercial Services lagged. Positive contributions from CRH, Rolls-Royce and Compass Group outweighed underperformance by SHIMANO and SECOM.

It was a tough year for international equity markets, as investors tried to navigate a sovereign debt crisis in Europe, uprisings in the Middle East, a tsunami in Japan, a pending slowdown in China, and issues in the U.S. which included a debt ceiling debacle (and failure to address the actual problems), stubbornly high unemployment, continued weakness in the housing market, and a downgrade of the country’s AAA sovereign credit rating. We have continued to operate cautiously, diversifying by investing in durable global franchises with an international presence which are well-financed, run by strong management teams, and built to stand the test of time.

The performance of FMIIX was not surprising, given the challenging global economic environment. Due to our conservative nature, an emphasis on downside risks, and a keen focus on identifying quality businesses trading at discount valuations, historically FMI Funds have generally outperformed in periods of market turbulence, while lagging in years of investor euphoria. The inaugural year for FMIIX was no exception, as the high-quality multinational franchises in the Fund held up reasonably well in the face of adversity.

While past performance may not be indicative of the future, we can assure our shareholders that FMI’s investment process will remain the same as it has for over 30 years, with a steadfast focus on fundamental research and an emphasis on avoiding permanent impairment of capital.

All Eyes On Europe

With euro-zone sovereign interest rates rising and renewed fears of contagion, European leaders have taken yet another crack at solving their sovereign debt crisis, with an agreement being reached at the Brussels summit on December 9, 2011. As with prior attempts to put out the fire, we believe the current proposal is almost certainly doomed to fail. The new pact will be a legal framework outside of the European Union (EU) treaty, with all members of the EU participating except the United Kingdom (UK), which vetoed a formal change to the treaty. The UK’s holdout may make enforcement of the agreement significantly more difficult. An article in *The Wall Street Journal* used an analogy comparing the pact to the U.S. “trying to fix their debt and banking problems under the equivalent of the Articles of Confederation, not the Constitution.”¹

The European leaders are trying to sell markets on a new “fiscal compact,” which features the addition of new laws requiring participating countries to balance their budgets, with an annual structural deficit of less than 0.5% of GDP. An “automatic” fine for governments whose national budget deficit exceeds 3% of GDP will be enforced, unless a qualified majority votes otherwise (this last point should not be overlooked). While these initiatives are a step in the right direction, if history is any indication, the euro-zone’s inability to enforce fiscal restrictions among member countries leaves FMI with little confidence that the participants will magically find a way to establish an effective governance system across borders.

¹ Blinder, Alan. “The Euro Zone’s German Crisis.” *The Wall Street Journal*. December 13, 2011.

Investors can look back to the Treaty of Maastricht, which was signed in 1992 and effectively formed the EU and introduced a framework for the eventual adoption of the euro. A country needed to satisfy five criteria to adopt the euro as its sole currency, with one being the same national budget deficit limit of 3% of GDP. Countries were (and still are) supposed to be susceptible to sanctions and fines for exceeding the limit, but ultimately these violations were never adequately enforced. Despite minimal adherence to the rule (violations shaded in blue in the table below), no country has ever been fined for exceeding the 3% threshold. Even Germany and France, the euro-zone's pillars of strength, have most often failed to comply with the guideline.

Government deficit/surplus as % of GDP	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011E
Euro area (17 countries)	-1.9%	-2.6%	-3.1%	-2.9%	-2.5%	-1.3%	-0.7%	-2.1%	-6.4%	-6.2%	-4.1%
France	-1.5%	-3.1%	-4.1%	-3.6%	-2.9%	-2.3%	-2.7%	-3.3%	-7.5%	-7.1%	-5.8%
Germany	-3.1%	-3.8%	-4.2%	-3.8%	-3.3%	-1.6%	0.2%	-0.1%	-3.2%	-4.3%	-1.3%
Greece	-4.5%	-4.8%	-5.6%	-7.5%	-5.2%	-5.7%	-6.5%	-9.8%	-15.8%	-10.6%	-8.9%
Ireland	0.9%	-0.4%	0.4%	1.4%	1.7%	2.9%	0.1%	-7.3%	-14.2%	-31.3%	-10.3%
Italy	-3.1%	-3.1%	-3.6%	-3.5%	-4.4%	-3.4%	-1.6%	-2.7%	-5.4%	-4.6%	-4.0%
Portugal	-4.3%	-2.9%	-3.0%	-3.4%	-5.9%	-4.1%	-3.1%	-3.6%	-10.1%	-9.8%	-5.8%
Spain	-0.5%	-0.2%	-0.3%	-0.1%	1.3%	2.4%	1.9%	-4.5%	-11.2%	-9.3%	-6.6%

Source: European Commission, WSJ

Similarly, the Maastricht criteria required gross debt as a percentage of GDP to be less than 60%. Clearly this threshold has been blatantly disregarded as well (see table below).

Gross government debt as % of GDP	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011E
Euro area (17 countries)	68%	68%	69%	70%	70%	69%	66%	70%	80%	85%	88%
France	57%	59%	63%	65%	66%	64%	64%	68%	79%	82%	85%
Germany	59%	61%	64%	66%	69%	68%	65%	67%	74%	83%	82%
Greece	104%	102%	97%	99%	100%	106%	107%	113%	129%	145%	162%
Ireland	35%	32%	31%	29%	27%	25%	25%	44%	65%	93%	108%
Italy	108%	105%	104%	103%	105%	106%	103%	106%	116%	118%	121%
Portugal	51%	54%	56%	58%	63%	64%	68%	72%	83%	93%	102%
Spain	56%	53%	49%	46%	43%	40%	36%	40%	54%	61%	70%

Source: European Commission, Economist

The euro-zone plans to continue to throw money at the problem, agreeing to a €500bn European Stability Mechanism (ESM) bailout fund for 2012, and a loan for an additional €200bn to the International Monetary Fund (IMF). We find it ironic that the IMF is being asked to come to the rescue, as its efforts to help members with “balance of payments difficulties or to assist with poverty reduction” is really intended to aid low-income countries, not to bail out the developed world. European leaders are naive to believe that adding additional leverage (ESM, IMF funds) to already excessive debt is going to solve the underlying problems.

Quietly slipping under the radar at the summit was an additional agreement by European leaders to drop the requirement for private sector bondholders of sovereign debt to incur mandatory losses. This is essentially a replay of the moral hazard which took place in the U.S. The EU is basically letting investors off the hook by socializing the private market's poor credit decisions. German Chancellor Angela Merkel had previously insisted that the private sector take losses through debt restructurings, as she was reluctant (and who could blame her?) to simply bailout the “problem countries” by opening the checkbook of the European Central Bank (ECB), ESM, IMF, et al, which would ultimately be an additional burden of the Bundesbank. By backing down on this important demand, we believe that Merkel has made a critical mistake.

As we have expressed in prior letters, we are not optimistic that the euro-zone will survive in its current form. We do not believe a monetary union without a political and fiscal union is going to be sustainable. A consortium rarely works, as they are always at the mercy of the weakest player who benefits from a free-rider effect (i.e. Greece). The latest efforts might buy some time, but nothing over the last three months seems to suggest that there is a painless or workable solution on the horizon.

Navigating the current international landscape

If the euro-zone were to collapse, we might see dramatic runs on banks, new currencies trading, mass confusion, a sell-off in financial markets, and the likely onset of a deep(er) recession. We find it telling that we are already reading headlines about international banks and businesses working on contingency plans for life without the euro. The adoption of new currencies would have a meaningful impact on individual economies. Greece for example, which had benefited from a strong euro and low interest rates for many years, would be faced with a depreciating Drachma, weakening the country's purchasing power and its ability to import goods and services, while making exports and wages more competitive on a global scale. On the flip side, Germany's Deutsche Mark would likely appreciate in value, hurting the competitiveness of the country's vaunted export business. Due to our concerns about the sustainability of the euro-zone, we have remained cautious with regards to our exposure to the euro, particularly as it relates to the PIIGS (Portugal, Italy, Ireland, Greece, Spain) countries.

FMIJX currently has two euro-denominated holdings: Henkel and TNT Express. In both cases, we have hedged our currency exposure to the euro. Henkel manufactures and sells consumer staples (laundry, home care, cosmetics and toiletries) which are defensive in nature, as well as adhesive technologies. While the company is based in Germany, only 15% of sales are sold by German subsidiaries, with very little of these sales being exported. Outside of an economic downturn, the pure foreign exchange impact of a euro-zone breakup would be modest and mostly translational in nature. Henkel's exposure to PIIGS countries accounts for less than 10% of total sales, which we view as manageable. TNT Express is the leading integrated express shipping company in Europe. TNT had a viable business model before the euro was adopted, and we believe it remains an important and necessary franchise. Even if the euro-zone breaks up, some entity will still need to facilitate cross-border express delivery. The stock has been under severe pressure and seems to already discount a difficult future. TNT represents only 2% of the portfolio and has significant upside potential. We plan to sit tight for the time being, understanding that there may be some short-term pain before we see long-term capital appreciation.

We have steered clear of European banks with the belief that the vast majority of these institutions would be insolvent if the PIIGS sovereign debt was properly marked to market. This doesn't even consider the estimated €178bn worth of credit default swaps (insurance against default) which have been sold by European banks for sovereign bonds issued by PIIGS countries. It's a struggle to get our arms around the magnitude of risk both on and off the balance sheet; we recognize that if there is an imminent euro-zone turnaround, some of the financial stocks will soar, but at this point, we are not prepared to make a significant bet in this sector. In lieu of the European banks, we are getting exposure to the financial sector through holdings like Willis Group, a global insurance broker which does not take on underwriting risk, and Fairfax Financial Holdings, a property/casualty insurance holding company run by renowned value investor Prem Watsa (who is often referred to as the "Canadian Warren Buffett").

We have continued to hedge the yen as it relates to our Japanese holdings, as we believe the currency is dramatically overvalued. With debt at roughly 229% of GDP, debt service and social security payments (combined) exceeding government tax revenues, and a dependence on unsustainably low interest rates, we believe the current status quo is untenable over the long-term. The Japanese government sells almost all of its debt to its own citizens, and with an aging (and shrinking) population which might be increasingly looking to sell government bonds for retirement, it is possible Japan will be forced to restructure its balance sheet. Whether they are required to start borrowing from the rest of the world at higher interest rates, or resort to printing money, it is likely to lead to a depreciating yen. The majority of our Japanese holdings are exporters with end-markets across the globe, in which case a weaker yen would be beneficial. So while our stocks might pull back in the short-term with the rest of the Japanese market in this scenario, it could create an even more rewarding buying opportunity. Current valuations in Japan remain cheap and we continue to find attractive opportunities there.

We remain skeptical with regards to China, as growth has slowed dramatically and real estate prices are falling fast. We foreshadowed this in prior shareholder letters. In its lowest reading since February 2009, the November Purchasing Managers Index (PMI) fell to 49, which implies a contraction in industrial production (above 50 signals expansion). Some economists estimate residential real estate prices in some major cities will have dropped by as much as 20-30% by the end of 2011, showing serious leaks in the property bubble. We continue to believe that China has been on an unsustainable growth trajectory driven by excessive fixed investment. The government has been trying to slow the economy in order to fight high inflation and we would not be surprised to see the proverbial hard landing. Some of that is already reflected in Chinese equities, with the Chinese Shenzhen Index down 20% in 2011.

In 2012, we anticipate that it will be difficult to sustain continued improvement in equity markets until there is confidence that the system is not broken (i.e. the emergence of a credible solution to resolve the euro-zone and U.S. debt issues). While the waters might be choppy at times, it is during these turbulent markets when value investors are able to find some of their most attractive buying opportunities. We will remain patient and diligent with our research, and will continue to stay true to our investment process. As always, we will be invested alongside our shareholders as is the case with all of our investment products.

Thank you again for your confidence in the FMI International Fund.

Sincerely,



Ted D. Kellner, CFA
Executive Chairman



Patrick J. English, CFA
CEO & Chief Investment Officer

FMI International Fund
STATEMENT OF NET ASSETS
December 31, 2011 (Unaudited)

<u>Shares</u>	<u>Value (b)</u>	<u>Shares</u>	<u>Value (b)</u>
COMMON STOCKS — 89.7% (a)		FINANCE SECTOR — 12.8% (Continued)	
COMMERCIAL SERVICES SECTOR — 9.8%		Property/Casualty Insurance — 4.4%	
		1,725	Fairfax Financial Holdings Limited (Canada) \$ 739,968
	Miscellaneous Commercial Services — 5.8%	HEALTH TECHNOLOGY SECTOR — 7.9%	
11,300	SECOM Co., Ltd. (Japan) \$ 519,622		Medical Specialties — 3.7%
275	SGS S.A. (Switzerland) 453,569	13,775	Coviden PLC (Ireland) 620,013
	973,191		Pharmaceuticals: Major — 4.2%
	Personnel Services — 4.0%	31,175	GlaxoSmithKline PLC (United Kingdom) 710,346
16,150	Adecco S.A. (Switzerland) 673,072	INDUSTRIAL SERVICES SECTOR — 2.7%	
CONSUMER DURABLES SECTOR — 3.4%			Oilfield Services/Equipment — 2.7%
	Recreational Products — 3.4%	6,525	Schlumberger Limited (Netherlands) 445,723
11,700	SHIMANO Inc. (Japan) 569,461	NON-ENERGY MINERALS SECTOR — 4.3%	
CONSUMER NON-DURABLES SECTOR — 12.0%			Construction Materials — 4.3%
	Beverages: Alcoholic — 3.7%	36,450	CRH PLC (Ireland) 723,478
28,350	Diageo PLC (United Kingdom) 619,445	PROCESS INDUSTRIES SECTOR — 4.4%	
	Food: Major Diversified — 3.9%		Chemicals: Agricultural — 2.3%
11,375	Nestlé S.A. (Switzerland) 653,193	1,325	Syngenta AG (Switzerland) 389,352
	Household/Personal Care — 4.4%		Chemicals: Specialty — 2.1%
15,350	Henkel AG & Co. KGaA (Germany) 742,642	7,200	Shin-Etsu Chemical Co., Ltd. (Japan) 353,663
CONSUMER SERVICES SECTOR — 4.8%		PRODUCER MANUFACTURING SECTOR — 10.0%	
	Restaurants — 4.8%		Industrial Conglomerates — 2.1%
85,675	Compass Group PLC (United Kingdom) 812,944	11,700	Ingersoll-Rand PLC (Ireland) 356,499
ELECTRONIC TECHNOLOGY SECTOR — 8.0%			Industrial Machinery — 7.9%
	Aerospace & Defense — 4.3%	4,825	Schindler Holding AG (Switzerland) 560,858
62,375	Rolls-Royce Holdings PLC (United Kingdom) 722,182	4,800	SMC Corporation (Japan) 772,252
	Electronic Components — 3.7%		1,333,110
20,275	TE Connectivity Limited (Switzerland) 624,673	RETAIL TRADE SECTOR — 3.6%	
FINANCE SECTOR — 12.8%			Food Retail — 3.6%
	Financial Conglomerates — 4.8%	97,200	Tesco PLC (United Kingdom) 608,160
29,025	Brookfield Asset Management Inc. (Canada) 798,882	TECHNOLOGY SERVICES SECTOR — 4.1%	
	Insurance Brokers/Services — 3.6%		Information Technology Services — 4.1%
15,675	Willis Group Holdings PLC (Ireland) 608,190	12,850	Accenture PLC (Ireland) 684,005

STATEMENT OF NET ASSETS (Continued)

December 31, 2011 (Unaudited)

<u>Shares</u>		<u>Value (b)</u>
COMMON STOCKS — 89.7% (a) (Continued)		
TRANSPORTATION SECTOR — 1.9%		
Air Freight/Couriers — 1.9%		
43,925	TNT Express N.V. (Netherlands)	\$ 327,151
	Total common stocks	<u>15,089,343</u>
	Total investments — 89.7% ...	15,089,343
	Cash and receivables, less liabilities — 10.3% (a) ...	<u>1,733,506</u>
	TOTAL NET ASSETS — 100.0%	<u>\$16,822,849</u>
	Net Asset Value Per Share (\$0.0001 par value, 300,000,000 shares authorized), offering and redemption price (\$16,822,849 ÷ 863,477 shares outstanding)	<u>\$ 19.48</u>

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

(b) 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 Nasdaq Markets are valued at the Nasdaq Official Closing Price, or if no sale is reported, the latest bid price. For securities that do not trade during New York Stock Exchange 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 may also utilize a service provided by an independent third party to assist in fair valuation of certain securities. Short-term investments with maturities of 60 days or less are valued at amortized cost which approximates value.

PLC – Public Limited Company

SCHEDULE OF FORWARD CURRENCY CONTRACTS

<u>Settlement Date</u>	<u>Counterparty</u>	<u>Currency to be Delivered</u>	<u>U.S. \$ Value at December 31, 2011</u>	<u>Currency to be Received</u>	<u>U.S. \$ Value at December 31, 2011</u>	<u>Unrealized Appreciation (Depreciation)</u>
1/31/12	U.S. Bank, N.A.	1,400,000 Canadian Dollar	\$ 1,373,221	1,363,655 U.S. Dollar	\$ 1,363,655	\$ (9,566)
1/31/12	U.S. Bank, N.A.	2,300,000 Swiss Franc	2,450,057	2,534,275 U.S. Dollar	2,534,275	84,218
1/31/12	U.S. Bank, N.A.	900,000 Euro	1,165,086	1,228,060 U.S. Dollar	1,228,060	62,974
1/31/12	U.S. Bank, N.A.	2,415,000 British Pound	3,749,373	3,770,242 U.S. Dollar	3,770,242	20,869
1/31/12	U.S. Bank, N.A.	152,000,036 Japanese Yen	1,975,789	1,981,806 U.S. Dollar	1,981,806	6,017
			<u>\$10,713,526</u>		<u>\$10,878,038</u>	<u>\$164,512</u>

FMI Large Cap Fund

FMI Common Stock Fund, Inc.

FMI International Fund

100 East Wisconsin Avenue, Suite 2200
Milwaukee, Wisconsin 53202
www.fmifunds.com
414-226-4555

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RICHARD E. LANE**

PAUL S. SHAIN

* Common Stock Fund only

** Large Cap Fund and International Fund only

INVESTMENT ADVISER

FIDUCIARY MANAGEMENT, INC.

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Milwaukee, Wisconsin 53202

**ADMINISTRATOR, ACCOUNTANT, TRANSFER
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