Dear Fellow Investor:

At midyear, we wrote about "standoffs." Stocks had been moving sideways during the first half, as opposing positive and negative forces left investors confused and uneasy. Six months later, the standoffs continue.

- Economic news in the United States and Europe is decidedly "mixed." China and other Asian emerging market economies are slowing, and Brazil is in recession;

- The US dollar has been very strong. This makes US companies' exports more expensive and less competitive. It also hurts reported earnings of US companies that earn profits abroad. Because of currency translation losses, a company may be doing more business but reporting lower earnings;

- As a result of the global slowdown and the "shale revolution," commodities in general, energy in particular, are in a severe bear market. Companies who serve or sell to commodity producers are also impacted;

- The Fed debated all year and finally raised interest rates in December. Near-zero interest rates have been good for owners of "paper assets"—stocks and bonds—but savers and lenders have been hurt, and the intended stimulation of the economy was only modestly successful.

US stocks continued to struggle in the second half of the year. Earnings growth was hard to come by for many companies. Markets were more volatile, but major averages ended the year roughly where they started. The average stock was down for the year, and our stock funds registered single digit declines.

The good news is that while the ***prices*** of our stocks were moving sideways for the past two years, the ***values of our businesses*** were generally growing nicely. This may sound like the hollow statement of a Tulane fan in the Sixties celebrating "moral victories" (i.e. losing to LSU by ***only*** 2-3 touchdowns), but this is truly the way we think about our investments. If a company grows its earning power by 10-15% per year, it doubles its business value in 5-7 years. If we can buy the stock at a reasonable price, we feel confident that it will eventually reflect that growth. We know that investors and their advisors prefer a smooth progression of portfolio gains and regular reassurance that our investment process is working, but the reality is that performance comes in streaks and the timing is totally unpredictable.

On the fixed income front, the bond market was volatile, especially in the second half of the year. Intense speculation as to when, and by how much, the Fed would raise interest rates roiled the Treasury bond market. Growing credit fears created stress in the high-yield bond market, especially for energy company debt. Collapsing prices caused one prominent bond fund manager to suspend redemptions, and several hedge funds were closed and liquidated. In the municipal bond market, Puerto Rico is on the verge of default, and several state and local issuers are troubled. Our bond funds came through the chaos just fine, as Tom and Nolan worked to, in Tom's words, "just get safely around the bases rather than try to hit home runs."

Portfolio Review

As investor enthusiasm is shaken and the markets get more volatile, we feel better about the investment outlook. We believe that we own companies with the management skills and financial strength to take advantage of adversity and to come through stronger and more valuable when conditions improve.

Some of our companies are really "conglomerates" - diversified portfolios of businesses. Berkshire Hathaway is a collection of businesses that generates billions of excess cash for investment and is managed by a master capital allocator. Warren Buffett makes new acquisitions in good times and bad, but some of his best deals have been made during recessions. Berkshire stock went down about 10% in 2015, but we estimate that its intrinsic value grew by over 10%. This makes the stock 20% cheaper than it was a year ago. We expect the company to grow business value at a double-digit rate for years to come, so a temporarily lower stock price is not a negative—it is an invitation to buy more.

John Malone created a conglomerate called Liberty Media and, like Buffett, has used cash generated from the businesses to make opportunistic acquisitions. Unlike Buffett, he has made liberal use of borrowed money and has fragmented the original Liberty into a number of separate entities. We own several of these companies and feel very confident that they will continue to find ways to grow regardless of the economic environment.

Other companies are more conventionally focused but are also proactive about "making their own breaks." Liberty Broadband owns 25% of Charter Communications, which is scheduled to acquire Time Warner Cable and Bright House Networks, assuming regulatory approval. Charter has very strong management, and the acquisitions will give it great economies of scale. Its subscription business model also makes it relatively recession resistant.

We could go through the rest of our holdings and give strong reviews to dozens of other companies. MasterCard, TransDigm, Alphabet (Google), Texas Instruments, Wells Fargo, Express Scripts and Lab Corp are some of the core holdings we refer to as "compounders." No businesses are immune to the business cycle, but these companies have such strong competitive positions, they should be reliable performers over time.

There is another group of smaller, more cyclical and less predictable companies in some of our portfolios. This is where we find Redwood Trust—a longtime holding that invests in mortgages, and a business that has been hampered by artificially low interest rates. The stock is down but sells for less than (liquid) book value and yields about 8%. With a couple of annoying exceptions, these companies are performing as expected and sell at very attractive price-to-value levels. This category also includes our energy-related businesses. As a group, they make up a small part of each fund. Nevertheless, a big paper loss in a small position still hurts. We have no illusions about being able to call a turn in oil and gas prices, but if sound energy companies get even cheaper, we may buy more.

The other important portfolio holding is cash. We almost always hold a cash position of at least 10% so that we can take advantage of temporary dips in the prices of companies we like. Our cash reserve levels at year end are closer to 20%. In an unsettled market, with visible pockets of distress, we think it makes sense to have the optionality that cash affords.

Outlook

As we have said before, we never know whether the next 10% move in the market will be up or down. We want to own stocks that will serve us well for the next several years, whatever the near term brings. We think it would be a bad idea for us to chase the "momentum" stocks that have kept the averages from falling further. We are also loath to try a "Hail Mary," like calling the bottom in oil and gas stocks and taking big positions.

We think stock valuations are coming our way. The process may continue gradually as business values grow into their stocks' prices. Or it might happen more quickly, if the market suffers another correction. The average price-to-value of our portfolios was 90% at the end of 2013, and today, the average is in the 75-80% range. We can earn good returns from today's levels, but if prices get cheaper, we will have better odds of earning above-average returns in the future.

We appreciate our shareholders' patience. Long-time investors with us have been richly rewarded by ignoring the market and adding capital to their accounts when our shares are down. Newcomers do not have that history to go by, so we value their expressions of confidence.

Sincerely,

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Average annual total returns for the Funds' one, five and ten year periods ended December 31, 2015 were: Value – Investor Class, -4.47%, 10.61%, 5.07%; Partners Value – Investor Class, -9.25%, 9.08%, 6.02%; Partners III Opportunity – Institutional Class, -7.23%, 8.95%, 7.15%; Research, -9.61%, 8.26%, 7.00%; Hickory, -7.62%, 7.85%, 5.58%; Balanced, -1.11%, 6.09%, 4.73%; respectively. Past performance does not guarantee future results. These performance numbers reflect the deduction of annual operating expenses which as stated in the most recent prospectus, and expressed as a percentage of each Fund's or Class's net assets, are: Value – Investor Class, 1.15%; Partners Value – Investor Class, 1.18%; Partners III Opportunity – Institutional Class – 1.69%; Research, 1.60% (gross); Hickory, 1.23%; Balanced, 1.09%. The returns assume reinvestment of dividends and redemption at the end of each period. Total returns shown include fee waivers and expense reimbursements, if any; total returns would have been lower had there been no waivers and/or reimbursements. The investment return and the principal value of an investment in any of the Funds will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be higher or lower than the performance data quoted. Performance data current to the most recent month end may be obtained at www.weitzinvestments.com/funds_and_performance/ fund_performance.fs.

On the last business day of 2010, the Research Fund succeeded to substantially all of the assets of Weitz Research Fund L.P. (the "Partnership"). The investment objectives, policies and restrictions of the Research Fund are materially equivalent to those of the Partnership and the Partnership was managed at all times with full investment authority by the investment adviser. The performance information includes performance for the Partnership. The Partnership was not registered under the Investment Company Act of 1940 and, therefore, was not subject to certain investment or other restrictions or requirements imposed by the 1940 Act or the Internal Revenue Code. If the Partnership had been registered under the 1940 Act, the Partnership's performance might have been adversely affected. In addition, starting January 1, 2011, the performance numbers reflect the deduction of the Research Fund's actual operating expenses. For periods of time prior to January 1, 2011, the performance numbers reflect the deduction of annual pro forma operating expenses of 1.50%.

As of December 31, 2015: Berkshire Hathaway CL B represented 5.2%, 5.7%, 10.7%, 3.2% and 3.0% of the Value, Partners Value, Partners III Opportunity, Research and Balanced Funds' net assets, respectively. Liberty Media CL A represented 1.3%, 1.1% and 1.4% of the Partners Value, Partners III Opportunity and Hickory Funds' net assets, respectively. Liberty Media CL C represented 4.4%, 7.3%, 2.7%, 4.6% and 3.9% of the Partners Value, Partners III Opportunity, Hickory, Value and Research Funds' net assets, respectively. Liberty Broadband CL A represented 1.0%, 1.0% and 1.2% of the Partners Value, Partners III Opportunity and Hickory Funds' net assets, respectively. Liberty Broadband CL C represented 1.8%, 5.0%, 2.9%, 1.5% and 2.1% of the Partners Value, Partners III Opportunity, Hickory, Value and Research Funds' net assets, respectively. MasterCard CL A represented 1.5%, 2.9% and 1.2% of the Value, Partners III Opportunity and Balanced Funds' net assets, respectively. TransDigm represented 2.6%, 1.9%, 3.8% and 2.6% of the Value, Partners Value, Partners III Opportunity and Hickory Funds' net assets, respectively. Alphabet CL A (Google) represented 0.1% of the Research Fund's net assets, respectively. Alphabet CL C (Google) represented 1.4%, 3.0%, 2.3%, 2.8% and 1.5% of the Research, Value, Partners Value, Partners III Opportunity and Balanced Funds' net assets, respectively. Texas Instruments represented 2.5%, 2.9% and 1.6% of the Partners Value, Partners III Opportunity and Balanced Funds' net assets, respectively. Wells Fargo represented 1.7%, 2.0% and 3.0% of the Value, Partners Value and Partners III Opportunity Funds' net assets, respectively. Express Scripts Holding Co. represented 3.5%, 3.2%, 2.3%, 3.3% and 1.6% of the Value, Partners Value, Partners III Opportunity, Research and Balanced Funds' net assets, respectively. Laboratory Corporation of America Holdings represented 1.1%, 3.2%, 2.9%, 3.8% and 2.5% of the Value, Partners Value, Partners III Opportunity, Hickory and Balanced Funds' net assets, respectively. Redwood Trust represented 2.6%, 3.3%, 3.7% and 1.8% of the Partners Value, Partners III Opportunity, Hickory and Balanced Funds' net assets, respectively.

Investors should consider carefully the investment objectives, risks, and charges and expenses of the Fund before investing. The Fund's Prospectus contains this and other information about the Fund and should be read carefully before investing. Portfolio composition is subject to change at any time and references to specific securities, industries and sectors referenced in this letter are not recommendations to purchase or sell any particular security. Current and future portfolio holdings are subject to risk.

Weitz Securities, Inc. is the distributor of the Weitz Funds.