Weitz | INVESTMENT MANAGEMENT

Value Matters

July 1, 2019

Dear Fellow Investor,

At the halfway mark in 2019, the U.S. stock market is sailing ahead happily, and our stock funds are fully participating. Our four stock funds' gains range from 22.43% (Partners Value) to 25.51% (Hickory) vs. 18.54% for the S&P 500. Each equity fund stands comfortably ahead of its benchmark. The Balanced Fund, with just under half of its assets allocated to stocks, is up 12.92%. The Short Duration and Core Plus bond funds are also showing good results with gains of 2.89% and 5.33%, respectively. These fixed income returns reflect some capital appreciation, in addition to coupon interest, as the bond market has responded to Fed encouragement.

As of 6/30/19 (%)			ANNUALIZED		
	YTD	1-year	5-year	10-year	Expense Ratio (%) as stated in the most recent Prospectus
Value Fund-Institutional Class[a]	24.21	14.64	7.07	12.98	1.09 Gross | 0.99 Net
Partners Value Fund-Institutional Class[a]	22.43	8.62	4.00	11.62	1.07 Gross | 0.99 Net
Partners III Opportunity Fund-Institutional Class	23.94	14.34	4.25	12.43	1.63 Gross
S&P 500	18.54	10.42	10.71	14.70	
Hickory Fund[b]	25.51	8.21	3.86	12.05	1.24 Gross
Russell Midcap Index	21.35	7.83	8.63	15.16	
Balanced Fund-Institutional Class[c]	12.92	9.35	5.07	8.56	0.97 Gross | 0.70 Net
Morningstar Moderately Conservative Target Risk Index	9.85	7.27	4.42	6.85	
Short Duration Income Fund-Institutional Class[d]	2.89	4.07	1.88	2.70	0.62 Gross | 0.48 Net

As of 6/30/19 (%)		ANNUALIZED		
	YTD	1-year	Since Inception (7/31/14)	Expense Ratio (%)* as stated in the most recent Prospectus
Core Plus Income Fund-Institutional Class	5.33	7.12	3.79	1.09 Gross | 0.40 Net

Returns assume reinvestment of dividends and redemption at the end of each period, and reflect the deduction of annual operating expenses. Returns also include fee waivers and/or expense reimbursements, if any; total returns would have been lower had there been no waivers or reimbursements. The Investment Adviser has agreed in writing to waive its fees and reimburse certain expenses (excluding taxes, interest, brokerage costs, acquired fund fees and expenses and extraordinary expenses) to limit the total annual fund operating expenses for: Value Fund-Institutional Class, 0.99%; Partners Value-Institutional Class, 0.99%; Short Duration Income Fund-Institutional Class 0.48%; and Core Plus Income Fund-Institutional Class, 0.40%, of each Class's average daily net assets through July 31, 2019. The investment adviser has agreed in writing to limit the total annual fund operating expenses of the Balanced Fund's Institutional Class shares (excluding taxes, interest, brokerage costs, acquired fund fees and expenses and extraordinary expenses) to 0.70% of the Class's average daily net assets through July 31, 2020.

(a) Institutional Class shares became available for sale on July 31, 2014. For performance prior to that date, this table include the actual performance of the Fund's Investor Class (and use the actual expenses of the Fund's Investor Class), without adjustment. For any such period of time, the performance of the Fund's Institutional Class would have been similar to the performance of the Fund's Investor Class, because the shares of both classes are invested in the same portfolio of securities, but the classes bear different expenses.

(b) From and after March 29, 2019, the Fund invests the majority of its assets in the common stock of medium-sized companies, which the Fund considers to be companies with a market capitalization, at the time of initial purchase, of greater than $1 billion and less than or equal to the market capitalization of the largest company in the Russell Midcap Index. Prior to that date, the Fund invested the majority of its assets in the common stock of smaller- and medium-sized companies, which the Fund considered to be companies with a market capitalization, at the time of initial purchase, of less than $10 billion.

(c) Institutional Class shares of the Balanced Fund became available for sale on March 29, 2019. The shares of both classes are invested in the same portfolio of securities, but the classes bear different expenses.

(d) From and after December 16, 2016, the Fund has generally maintained an average effective duration of between one to three and a half years. Prior to that date, the Fund maintained a dollar-weighted average maturity of between two to five years.

Index performance is hypothetical and is shown for illustrative purposes only. The S&P 500® is an unmanaged index consisting of 500 companies generally representative of the market for the stocks of large-size U.S. companies. The Russell Midcap® Index tracks the performance of the 800 next-largest U.S. companies, after the 1000 largest U.S. companies. The Morningstar Moderately Conservative Target Risk Index is an asset allocation index comprised of constituent Morningstar indices and reflects global equity market exposure of 40% based on an asset allocation methodology derived by Ibbotson Associates, a Morningstar company.

Performance data for various periods are shown in the table on the previous page. In spite of the fact that recent short-term results are unusually good, we would direct shareholders' attention to the longer periods as a more meaningful reflection of the efficacy of our investment process. Portfolio managers for each of the funds provide more detailed information in their commentaries about what worked and what didn't during the quarter. We also recommend "**Fixed Income Insights**," in which Tom Carney and Nolan Anderson discuss goings-on in the bond market.

Investment Outlook

Clients who have been reading these letters over the past 36 years are probably amused by and/or numb to our dour warnings that investors are underestimating risks and overpaying for stocks and bonds. It probably seems that we are genuinely enthusiastic about our portfolio holdings ***only*** in times of market crisis, like 1987, 2000 or 2008-09. (I'll admit it, those ***are*** the times that get our juices flowing, and they have proved to be great times to invest.)

Today's litany of woes would focus on the factors that have historically foreshadowed a troublesome rise in the inflation rate. The Fed has increased the money supply and suppressed interest rates for ten years and seems recently to have resolved to continue its stimulative policies. Deficit spending to spur recovery from the Great Recession continued unabated for eight years, and then we doubled down with a tax cut that pushed budget deficits well over a trillion dollars a year. Budget discipline, even in a period of economic growth and record-low unemployment, seems to be of no concern to either political party. Modern Monetary Theory (MMT) appears to be a new version of "deficits don't matter." So far, the only serious inflation we have seen in a long time has been in stock and bond prices (and those are welcome). But, given current policies, it seems reasonable to expect upticks in the general level of inflation.

Our warnings have proved correct from time to time, and there are plenty of reasons to be wary today—inflation and higher interest rates would not be good for stocks or bonds—but trying to sidestep trouble (i.e., market timing) has not been particularly productive for investors. Our game plan, generally, has been to invest in companies that can not only withstand adversity, but take advantage of it. We have written regularly about ways that bear markets and periods of financial crisis have been wonderful for strong, opportunistic companies such as Berkshire Hathaway and Liberty Media. Companies with strong competitive advantages ("moats") generally have reasonable pricing power that helps them neutralize the impact of inflation. Payments companies, such as Visa and Mastercard, collect fees based on (rising) transaction values. Innovative companies that can apply new technologies to evolving their businesses have more control over their own destinies than cyclical, commodity-based, economically sensitive businesses. Finally, some companies would actually benefit from higher interest rates—e.g., banks, which could earn higher net interest margins on their deposits.

There is an old joke that "in a bear market, all correlations go to one." In a sharp correction like the fourth quarter of 2018 or a bear market like 2008-09, all stocks tend to collapse together. But the good ones do not stay down. We have experienced all sorts of market trauma over the past 36 years. Yet, the two funds that have their roots in our original partnerships that started in 1983 (Partners Value and Partners III) have cumulative gains of 5,130.71% and 6,326.35%, respectively, compared to the S&P 500's 4,232.26%.* Nothing is certain, but we would assert that patient, sensible, informed value investing works. We feel very good about our companies and the likelihood that they will provide more good returns over the years.

Thanks again to shareholders for entrusting your capital to us. We are in this together, and we appreciate your confidence.

Sincerely,

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Performance data represents past performance, which does not guarantee future results. *The investment return and the principal value of an investment in 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* ***weitzinvestments.com****.*

*On the last business day of 1993, Partners Value Fund succeeded to substantially all of the assets of Weitz Partners II Limited Partnership (the "Partnership"). On the last business day of 2005, Partners III Opportunity Fund succeeded to substantially all of the assets of Weitz Partners III Limited

Partnership, (the "Partnership").The investment objectives, policies and restrictions of the Funds are materially equivalent to those of the Partnerships, and the Partnerships were managed at all times with full investment authority by the Investment Adviser. The performance information includes performance for the Partnerships. The Partnerships were not registered under the Investment Company Act of 1940 and, therefore, were not subject to certain investment or other restrictions or requirements imposed by the 1940 Act or the Internal Revenue Code. If the Partnerships had been registered under the 1940 Act, the Partnerships' performance might have been adversely affected.

As of June 30, 2019, each of the following portfolio companies constituted a portion of the net assets of Value Fund, Partners Value Fund, Partners III Opportunity Fund, Hickory Fund, and Balanced Fund as follows: Berkshire Hathaway Inc.-Class B: 7.2%, 6.0%, 10.7%, 0%, and 2.5%. Charter Communications, Inc.-Class A: 0%, 0%, 0%, 0%, and 2.0%. GCI Liberty, Inc.-Class A: 0%, 0%, 1.8%, 4.2%, and 0%. Liberty Braves Group-Series A & C: 0%, 0%, 0%, 1.4%, and 0%. Liberty Broadband Corp.-Series A & C: 0%, 5.9%, 5.4%, 7.8%, and 0%. Liberty Broadband Corp.-Series C: 7.0%, 0%, 0%, 0%, and 0%. Liberty Expedia Holdings, Inc.-Series A: 0%, 0%, 0%, 3.1%, and 0%. Liberty Formula One Group-Series A & C: 0%, 0%, 0%, 1.7%, and 0%. Liberty Global plc-Class C: 2.9%, 4.0%, 6.7%, 2.9%, and 0%. Liberty Latin America Ltd.-Class C: 0%, 2.0%, 1.0%, 2.5%, and 0%. Liberty SiriusXM Group-Series A & C: 0%, 3.8%, 3.6%, 3.8%, and 0%. Liberty SiriusXM Group-Series C: 2.8%, 0%, 0%, 0%, and 0%. Mastercard Inc.-Class A: 4.4%, 4.7%, 5.0%, 0%, and 2.1%. Qurate Retail, Inc.-Series A: 0%, 2.1%, 1.2%, 2.5%, and 0%. Visa Inc.-Class A: 4.2%, 4.8%, 5.0%, 0%, and 2.2%. Portfolio composition is subject to change at any time. Current and future portfolio holdings are subject to risk.

Over time, the Liberty Media family of companies has included a large number of entities, including the following of our current portfolio companies: Charter Communications Inc., GCI Liberty, Inc., Liberty Braves Group, Liberty Broadband Corp., Liberty Expedia Holdings, Inc., Liberty Formula One Group, Liberty Global plc, Liberty Latin America Ltd., Liberty SiriusXM Group and Qurate Retail, Inc.

Investors should consider carefully the investment objectives, risks, and charges and expenses of the Funds before investing. The Funds' Prospectus contains this and other information about the Funds and should be read carefully before investing. The Prospectus is available from Weitz Investment Management, Inc. Weitz Securities, Inc. is the distributor of the Weitz Funds.