Shareholder Letter
January 3, 2014

Weitz | INVESTMENT MANAGEMENT

Dear Fellow Shareholder:

2013 was a terrific year for our stock funds. Gains for the year ranged from +28% for Hickory to +39% for Research. We are in the fifth year of economic recovery from the "Great Recession" of 2007-2009 and nearly five years from the bottom of the bear market that ended in March of 2009, so the table below showing one, three and five year results looks very good.

	Average Annual Returns		
	1 Year	3 Year	5 Year
Value Fund	31.75%	16.53%	19.35%
Partners Value	30.87	16.40	21.43
Partners III – Institutional Class	32.81	16.54	24.50
Hickory	27.83	15.59	23.93
Research	39.03	15.26	22.59
S&P 500	32.39	16.18	17.94

Click here to see our Full Performance Summary. These performance numbers reflect the deduction of each Fund's operating expenses. Annual operating expenses for each Fund, as stated in the most recent Prospectus, and expressed as a percentage of each Fund's net assets, are: Value, 1.20%; Partners Value, 1.19%, Partners III Opportunity—Institutional Class, 1.60%; Hickory, 1.26%; Research, 1.74% (gross); and Research, 1.74% (gross). The returns assume redemption at the end of each period and reinvestment of dividends. Total returns show include fee waivers and expense reimbursements, if any; total returns would have been lower had there been no waiver of fees and/or reimbursements of expenses by the Adviser. ***This information represents past performance and past performance does not guarantee future results.*** 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 above. Weitz Securities, Inc. is the distributor of The Weitz Funds.

Bonds faced significant headwinds throughout the year. Our bond funds have been very conservatively positioned for some time so they were able to hold their own nicely, but our expectations for bonds for the immediate future remain quite subdued.

The Federal Reserve continued its program of "quantitative easing," injecting $85 billion ***per month*** into the bond market during the year. This artificial support for bond prices kept interest rates low and had a positive impact on the stock market. The image that comes to mind is that of a Fed "fire hose" pumping water (cash) into the securities market "swimming pool." The general water level (stock and bond prices) rose more than it otherwise would have because of the quantity of new money added. As a result, bargains have disappeared and we enter the new year with elevated levels of cash reserves and a cautious outlook. The fact that the QE program will end at some point is well-known (the first $10 billion reduction was recently approved), and ***all things being equal***, the "tapering" and eventual withdrawal of monetary stimulus will probably reduce demand for stocks. On the other hand, this is probably one of the least important factors determining our long-term results.

Our Game Plan for 2014

We like the companies we own. They are well-managed, have ample liquidity, and generate enough free cash flow to both fund their growth and return excess cash to shareholders. These companies have found ways to grow in a sluggish economic environment and "make their own breaks" through acquisitions and creative business strategies. Cheap and readily available credit has allowed companies with debt to lower their interest costs and extend their maturities. The world is a complicated and unpredictable place, but we believe that our companies have secure positions in their industries and are well-equipped to deal with unexpected challenges.

However...we are not crazy about the ***prices*** of our stocks. Investment success depends on buying the right stocks ***at the right prices***. The S&P 500 rose by over 32% in 2013, but aggregate S&P 500 earnings grew by only about 6%. It seems likely that stock prices in general have "borrowed from the future." This is not a terrible thing—who doesn't like a +30% year? The trick is to have realistic expectations.

We try to buy individual stocks at a deep discount to the price that an intelligent business owner might pay to buy the whole company. If a private buyer would gladly pay $100 per share to buy a whole company but the stock sells for $60, the "price-to-value ratio" (P/V) is 60/100 or 60%. We feel that we are buying a "60-cent dollar." At the bear market bottom in early 2009, the weighted average estimated P/V of our stock portfolios was under 50%. Stocks were ***very*** cheap. Today, the weighted average estimated P/V of our portfolios is approaching 90%. We can still earn positive returns from today's price levels, in large part because our companies' values are growing, but the odds are better when we start at more attractive price levels. It would not be surprising if stock prices grew slower than the underlying businesses in 2014 as values "catch up" with prices.

As we begin a new year, we are patiently waiting for the opportunity to reinvest the cash that has accumulated in our portfolios. We would love to increase the size of many of our current positions at more attractive price levels and our analysts have been adding new names to our "on deck" list. We expect stock price volatility, which has been mostly absent over the past two years, to return in 2014—not because of any particular impending crisis, but because volatility is normal. Periodic market corrections may be unsettling to investors, but they are a necessary part of value investing. So, as long as our companies are doing well, we welcome temporary price declines.

Over the past 30 years we have experienced all manner of fads and bubbles, recessions and panics, credit and liquidity crises, political shenanigans and failures of leadership. Nevertheless, the long-term growth in global GDP and the value created by innovative and energetic company managements always seem to produce interesting investment opportunities.

The balance of our financial report is devoted to detailed information on each of our funds. We encourage shareholders to read the relevant sections so that they may get a sense of how each fund is positioned as we enter the new year. We also hope you will mark your calendars now for our annual shareholders meeting on May 21, 2014. We will be back at the **Scott Conference Center** and the meeting will begin at 4:30 p.m.

Thanks once again for entrusting your investment funds to us.

Sincerely,

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Current performance data may be higher or lower than the performance data quoted in this letter. Click here for performance data current to the most recent month-end.

Investors should consider carefully the investment objectives, risks, and charges and expenses of the Funds before investing. The Funds' Prospectus or Summary Prospectus contains this and other information about the Funds 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. See the Schedule of Investments in Securities included in the Funds' quarterly report for the percent of assets of each Fund invested in particular industries or sectors.

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