VALUE FUND

4Q 2015 Quarterly Commentary

Investment Style: Large-Cap Value

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Calendar Year Contributors

Martin Marietta Materials is a producer of sand, gravel, aggregates and cement (products for the construction industry). During the year, Martin's aggregates volumes, pricing and incremental margins exceeded investor expectations as non-residential and public construction showed broad-based strength. The outlook for public volumes over the next several years improved with the passing of the 5-year federal highway bill, dubbed Fixing America's Surface Transportation (FAST) Act, and state Department of Transportation budgets expanded. Martin also increased its synergy cost-savings target for the Texas Industries acquisition for the third time from the original $70 million to $120 million and sold their California Oro Grande cement operation for $420 million. The proceeds will be used towards their 20 million share repurchase program. A culmination of these positive events pushed Martin Marietta's stock price above our estimate of intrinsic value, and we exited our position during the third quarter.

Alphabet is a multinational technology company generally specializing in internet related services and products. Alphabet's core search business delivered strong operating results which eased investor fears that the company's primary search advertising products would not be as relevant on mobile phones as on desktops. Additionally, the share price also rose due to the company's decision to provide more financial information on individual operating units beginning in 2016. We believe this is a positive move, as it may entail further disclosures of both the highly profitable Google Internet Services business and the company's other venture investments. We trimmed our position during the fourth quarter as the stock price approached our estimate of business value.

Catamaran Corporation is a provider of pharmacy benefit management services and healthcare IT solutions to the healthcare benefit management industry. UnitedHealth Group completed its purchase of Catamaran this past summer for $61.50 per share in cash. While we were disappointed to lose a potential "compounder" early on in our investment, we believe we received full and fair value for our shares. We continue to have exposure to the attractive pharmacy benefit management (PBM) segment through a position in Express Scripts.

Calendar Year Detractors

Range Resources is an independent producer of natural gas and natural gas liquids (NGLs) based in Fort Worth, Texas. Natural gas producers' end markets went from bad to worse during the fourth quarter. Domestic oversupply worsened thanks to extremely mild winter weather. Per consultancy RBN Energy, heating demand (as measured by heating degree days) was 25% below its 30-year average through the first nine full weeks of winter. This lack of demand pushed local natural gas prices to roughly $1.00 throughout much of the Northeast. The near-term pain will negatively impact Range's 2016 cash flows but should help accelerate the decline in drilling activity across the Marcellus Shale. Range successfully executed the sale of its Nora assets for $876 million just before year end, providing the company with some additional cushion to navigate what looks like another tough couple of quarters ahead. Longer-term, we continue to like Range's asset quality and management, and believe both natural gas and oil prices are well below equilibrium price levels. We purchased additional shares over the past quarter on price weakness.

Discovery Communications is a leading provider of pay-TV programming with an emphasis on lower-cost, fully-owned, nonfiction content that appeals to global audiences. Despite positive business developments through 2015, shares of Discovery and other media stocks generally suffered as investors became more skeptical of traditional pay-TV's staying power. Modest subscriber declines reported by cable and satellite TV providers in addition to falling ratings through 2015 led many to conclude that the whole pay-TV ecosystem was unravelling in an accelerating fashion. Exacerbating the perception problem for Discovery was the strength of the US dollar, which muted continued strong growth in the company's strategic portfolio of international channels. Although the traditional video bundle may get "skinnier," we believe that the traditional cable system will continue to persist and that Discovery's content remains a "must have" for subscribers. The company's ownership of its content also affords it the flexibility to begin offering it directly (via mobile apps), a recent industry trend. From today's price, we believe the stock has above average return potential.

Twenty-First Century Fox is a diversified media and entertainment company. Shares of Twenty-First Century Fox suffered for many of the same reasons as Discovery's did: overall industry concerns over the fraying of the pay-TV bundle in addition to muted growth from its otherwise healthy stable of international properties. Fox broadcast network ratings (with the exception of sports broadcasts) have also been more challenged than an already tough industry comparison. Despite these challenges, we are encouraged by the opportunity for continued improvement at both Fox's domestic channels (where underperforming networks have been rebranded and ratings have been improving; e.g., Fox Sports 1 and FXX) and continued growth opportunities for international properties, like Star India.

Quarterly Contributors

Alphabet - Please refer to the Calendar Year synopsis.

Monsanto is a provider of seeds and biotech traits for corn, soybeans and cotton. At the company's November investor meeting, the company provided a road map for double-digit growth over the next several years. We believe they are capable of making this happen. Despite not yet participating in the latest round of industry consolidation, Monsanto is still the best positioned seed company in the industry due its significant portfolio of intellectual property and cutting edge breeding and testing capabilities.

Allergan is a global specialty pharmaceutical company focusing on the development, manufacturing, marketing and distribution of generic, brand name, biosimilar and over-the-counter (OTC) pharmaceutical products. Shares of Allergan were volatile during the quarter, providing us the opportunity to meaningfully increase our position at attractive prices. Following several months of speculation, Pfizer and Allergan announced their intention to combine on November 23rd. Assuming the deal is consummated as presently structured, Allergan shareholders would receive 11.3 shares of the combined Pfizer-Allergan for each existing Allergan share. Potential tax and regulatory hurdles remain, but we are optimistic on Allergan's business prospects in either scenario - standalone or in combination with Pfizer. We have generally positive impressions from ongoing diligence on Pfizer's business.

Quarterly Detractors

Valeant Pharmaceuticals is a multinational, specialty pharmaceutical and medical device company that develops, manufactures and markets a broad range of brand name, generic, branded generic and over-the-counter (OTC) products in over 100 countries. We closed the firm's position in Valeant toward the end of October. The stock came under heavy selling pressure in September as a result of increased political scrutiny regarding the increasing cost of prescription drugs. We believed pricing risks were (and are) real and growing but navigable. Our base-case business value estimate assumed (and had always assumed) minimal contribution from future price increases. In October, however, questions arose about the possibility of wrongdoing and questionable disclosure regarding Philidor, an "alternative fulfillment" pharmacy Valeant used to distribute portions of its dermatology medications. Our decision to sell was ultimately based on a combination of difficult to answer questions, Valeant's potential long-term reputational impact, future business model uncertainty, and financial leverage. We also had competing uses for capital in healthcare with more attractive risk-reward profiles. While our investment in Valeant ended on a disappointing note, it was a healthy multi-year contributor to performance.

Range Resources - Please refer to the Calendar Year synopsis.

Endo International is a specialty healthcare company engaged in developing, manufacturing, marketing and distributing branded pharmaceutical and generic products and medical devices. Amid widespread pressure in the pharmaceutical market, news at Endo was mixed during the quarter. The company recorded a significant impairment charge in November relating to its recent acquisition of Auxilium. While management had hinted at some early challenges with Auxilium's topical testosterone products and STENDRA (a competitor to Viagra in the ED market), CEO Rajiv De Silva formally announced Endo would be de-emphasizing and/or selling these products. This decision increases Endo's dependence upon its primary growth drivers (recently acquired Par Pharmaceutical, Xiaflex and new pain product BELBUCA), which we believe will drive attractive organic sales growth during the next several years. News of a renewed 8-year commercial agreement with Novartis for Voltaren Gel was a distinct positive. We added to our position below $60 per share during the quarter.

New Holdings

No new equity holdings were added in the fourth quarter of 2015.

Eliminated Holdings

Valeant Pharmaceuticals - We sold Valeant at a gain in late October after developments about the company's pharmacy relationships, pricing policies and business practices.

Oracle - We sold Oracle as the stock approached our business value estimate to reflect a change in analyst conviction.

As of 12/31/2015: Twenty-First Century Fox CL B comprised 5.0% of the Weitz Value Fund's net assets; Monsanto 3.8%; Allergan 3.5%; Discovery Communications CL A 3.2%; Alphabet CL C 3.0%; Range Resources 3.1% and Endo International 2.7%.

*Effective January 1, 2016, Wallace R. Weitz will no longer be a portfolio manager of the Value Fund. Mr. Weitz, the Chief Investment Officer of Weitz Investment Management, Inc., will continue to be CIO and a portfolio manager of the Partners Value Fund, the Partners III Opportunity Fund and the Hickory Fund. Bradley P. Hinton and David A. Perkins, who are currently portfolio managers of the Value Fund, will continue to be portfolio managers of the Value Fund.