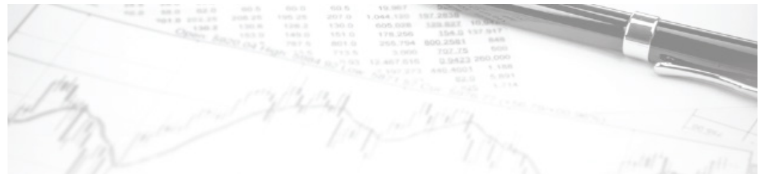
Weitz | FUNDS

Balanced Fund

4Q 2017 Quarterly Commentary



Investment Style: Moderate Allocation
Portfolio Manager: Brad Hinton, CFA

The Balanced Fund returned +1.82% in the fourth quarter compared to +3.87% for the Blended Index. Year to date, the Fund returned +11.15% compared to +13.59% for the Blended Index. We are pleased with double-digit returns from our balanced strategy, especially with less than 50% exposure to stocks. By any measure, it was a very good year for wealth building in U.S. risk assets.

If most of 2017 was a steady grind higher for the stock market, the fourth quarter felt more like a sprint to the finish line. Animal spirits were alive and well. The economy chugged forward at an improved pace, and investors anticipated that the newly enacted tax cuts could spur business investment and consumer spending. We even saw early whiffs of euphoria with the growing frenzy over bitcoin and other cryptocurrencies.

While we will leave the euphoria to others, our diversified mix of stocks and bonds participated nicely in the "feel-good" market environment. Payment networks Visa and Mastercard were the Fund's top performers in 2017, each posting returns of more than 45 percent. We love the businesses, but we have been trimming our positions to reflect their vastly different price points. Overall it was a strong year for stock picking, a credit to our experienced analyst team for finding value in a tough market. Allergan was the sole detractor for the year, which is quite unusual even in a bull market. The stock trades at a steep discount to our revised value estimate, with several pipeline catalysts on the 2018 horizon.

> Looking forward to 2018, we would not presume to predict what the stock market will do, but we feel good about the stocks we own.
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> **Click to Read Value Matters: 4Q17 Letter to Investors**

The Fund's positioning remains relatively conservative, as asset valuations are not compelling. We hold equity stakes in 28 companies representing 47% of net assets. We were more active than usual during the quarter, broadening our exposures while recycling capital from more expensive to cheaper securities. We bought a handful of stocks at modest discounts to our value estimates. Axalta Coating Systems is a leading manufacturer of paint and other coatings for automotive and industrial end markets, JPMorgan Chase is a dominant money-center bank that needs little introduction, Marvell Technology Group is a semiconductor maker in the process of acquiring competitor Cavium, Priceline Group is an online travel agency with notable market strength overseas, and Vulcan Materials is a construction aggregates company focused on faster growing U.S. states. We sold FLIR Systems, United Parcel Service and Willis Towers Watson at prices above our value estimates, and we also eliminated QVC Group at a healthy gain.

Our fixed income holdings include corporate bonds (22% of net assets), Treasury securities (27%) and a touch of securitized debt and other (4%). We own corporate issues from 29 different companies. The incremental return for taking credit risk is very low (i.e., spreads are tight), so we have focused on short-dated bonds with an average life of less than two years. Our goal remains to assemble a corporate debt portfolio that our team assesses to be "money good" with very high probability, even if the economy wobbles. Treasury securities round out the portfolio, providing more ballast. Here, too, our average life is short, at less than three years. We are not willing to bear much interest rate risk for the paltry rewards on offer. The Treasury bucket provides ample opportunity for taking additional measured risks in stocks or other bonds when warranted.

The Fund's primary investment objectives are long-term capital appreciation and capital preservation. The Fund's stocks are geared to do most of the heavy lifting on the former, while the bond portfolio is designed to bolster the latter. With short-term interest rates finally off zero, we also are in position to generate a modest current income stream. Ours is an old-fashioned, common sense approach that isn't flashy but can play an important role for many investors. Thank you as always for your continued support, and we look forward to updating you on portfolio developments in the new year.

Quarterly Top Performers (%)	Return	Average Weight	Contribution
FLIR Systems, Inc.	20.20	1.35	0.34
Berkshire Hathaway Inc.-Class B	8.13	3.40	0.28
Visa Inc.-Class A	8.53	3.24	0.27
Praxair, Inc.	11.27	2.42	0.26
Texas Instruments, Inc.	17.26	1.61	0.26

Quarterly Bottom Performers (%)	Return	Average Weight	Contribution
Allergan plc	-19.87	1.80	-0.40
Liberty Broadband Corp.-Series C	-10.64	2.04	-0.23
Aon plc-Class A	-8.05	1.45	-0.12
Anheuser-Busch InBev SA/NV-Sponsored ADR	-4.95	1.63	-0.09
Redwood Trust, Inc.	-7.31	1.38	-0.09

Contributions to performance are based on actual daily holdings. Securities may have been bought or sold during the quarter. Return shown is the actual quarterly return of the security or combination of share classes. Source for return shown is FactSet Portfolio Analytics.

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

Average annual total returns for the Fund's one-, five- and ten-year periods ended December 31, 2017, were 11.15%, 6.51% and 5.42%, respectively. Returns assume reinvestment of dividends and redemption at the end of each period, and reflect the deduction of annual operating expenses, which as stated in the most recent Prospectus are 1.01% (gross) of the Fund's net assets. 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 to 0.95% of average daily net assets through July 31, 2018.

Average annual total returns for the Blended Index for the one-, five- and ten-year periods ended December 31, 2017, were 13.59%, 9.99% and 6.70%, respectively. Index performance is hypothetical and is shown for illustrative purposes only. Comparative returns are the average returns for the applicable period of the reflected index. The Blended Index blends the S&P 500® with the Bloomberg Barclays Intermediate U.S. Government/Credit Index by weighting their total returns at 60% and 40%, respectively. The portfolio is rebalanced monthly.

As of December 31, 2017: Allergan plc comprised 2.0% of Balanced Fund's net assets; Anheuser-Busch InBev SA/NV-Sponsored ADR 1.5%; Aon plc-Class A 1.4%; Axalta Coating Systems Ltd. 1.1%; Berkshire Hathaway Inc.-Class B 3.2%; JPMorgan Chase & Co. 1.1%; Liberty Broadband Corp.-Series C 2.3%; Marvell Technology Group Ltd. 1.1%; Mastercard Inc.-Class A 1.6%; Praxair, Inc. 2.5%; Redwood Trust, Inc. 1.5%; Texas Instruments, Inc. 1.4%; The Priceline Group, Inc. 1.1%; Visa Inc.-Class A 2.8%; Vulcan Materials Co. 1.0%. Portfolio composition is subject to change at any time. Current and future portfolio holdings are subject to risk.

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. The Prospectus is available from Weitz Investment Management, Inc. Weitz Securities, Inc. is the distributor of the Weitz Funds.