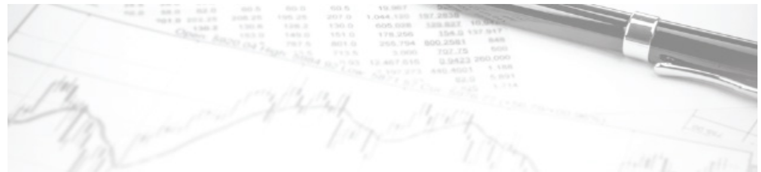
Balanced Fund

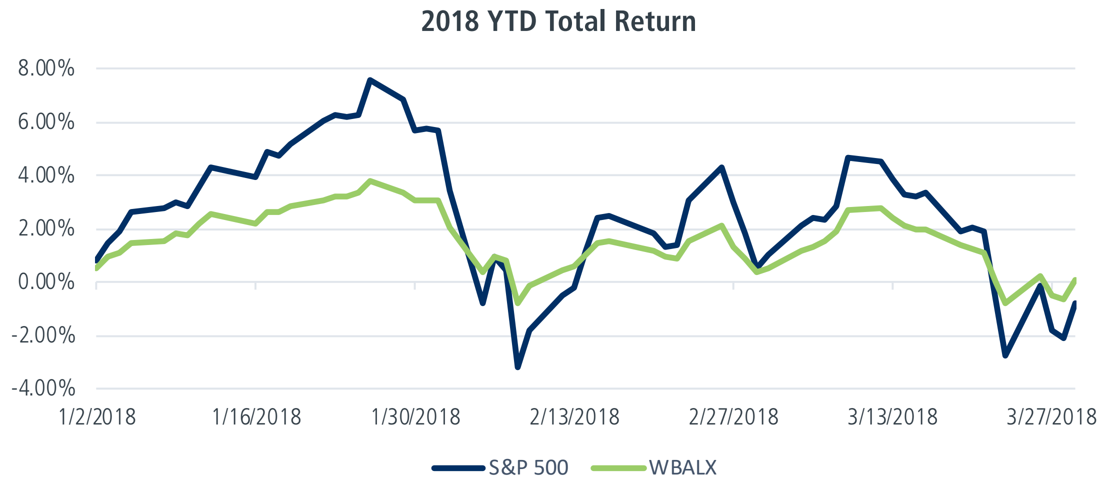
1Q 2018 Quarterly Commentary



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

The Balanced Fund returned +0.07% in the first quarter compared to -0.78% for the Blended Index. For the fiscal year, the Fund returned +7.06% compared to +8.44% for the Blended Index. Total returns well above inflation helped our investors build wealth over the past twelve months. While the Blended Index was a tough bogey, the Fund's fiscal year results compared quite favorably to similarly positioned conservative allocation funds, with less than 50% exposure to stocks, as evidenced by the Fund's most recent Morningstar rating. Weitz Balanced Fund (WBALX) received a 4-Star Overall Morningstar Rating™ as of March 31, 2018. The Fund has generated a performance track record ranking in the top third of its Morningstar peer group (allocation--30% to 50% equity) over the one-, five- and ten-year periods as of March 31, 2018.

Broader stock and bond market indices posted slightly negative returns in the first quarter. The Fund's results were essentially flat in this tougher environment, or up a fraction for those keeping close score. While the final tally showed a ho-hum quarter, the path to get there was anything but tranquil. The chart below shows the year-to-date total return progression of the S&P 500 and the Balanced Fund.



Performance data represents past performance, which does not guarantee future results. Additional performance data for the Fund, the Fund's Blended Index, and the S&P 500 Index is below.

The S&P 500 (the dark blue line) moved sharply in both directions as volatility returned to the markets. The light green line shows that the Fund, by contrast and by design, experienced lower highs and higher lows. Most noteworthy, the S&P 500 declined by 10.1% from January 26 through February 8. During this mild market correction, the Fund fell 4.4%. As we've described in the past, the Balanced Fund has a little less "edge" than an all-equity portfolio. We're more like the guys in the bucket hats chugging along in the pontoon boat, not the thrill seekers going full throttle in the tricked-out Malibu speedboat with the pirate flag. In short, we are willing to trade some upside potential for a slightly smoother overall ride.

For the fiscal year, the Fund had fifteen material (more than 25 bps) contributors and only one material detractor to results. Overall, it was a strong year for stock picking, a credit to our experienced analyst team for finding value in a tough market. Payment networks Visa and Mastercard were the top performers, with Berkshire Hathaway, Guidewire Software and Thermo Fisher Scientific rounding out the top five. Allergan was the only material detractor, which is unusual even in a bull market. Its stock trades at a steep discount to our revised value estimate, with several pipeline catalysts on the 2018 horizon. Other stocks with immaterial negative contributions were Comcast, Axalta Coatings Systems, Compass Minerals and Vulcan Materials.

As of the first quarter, the Fund's positioning remains relatively conservative. We hold equity stakes in 27 companies representing 44.5% of net assets. We bought Dollar Tree after investors overreacted (in our view) to the company's more conservative 2018 guidance. This guidance included slower-than-expected revenue growth, near-term margin headwinds due to wage pressure, and unexpected incremental investments funded by tax savings. Our view remains that the dollar store business is a rare example of durable retail, trading at a discounted price. Dave Perkins further articulated our thesis in last May's Analyst Corner, available at **weitz.investments/dollartree**. We sold Liberty Global near the upper end of its recent trading range, and we eliminated Booking Holdings (f/k/a Priceline Group) when the stock pierced our business value estimate.

> We think something is changing. Various threats to the bull market (none of which are brand new) are attracting investor attention.
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> **Click to Read Value Matters: 1Q18 Letter to Investors**

Our fixed income holdings include corporate bonds (22.6% of net assets), Treasury securities (29.4%) and a touch of securitized debt (3.5%). We own corporate issues from 28 different companies. We have focused primarily on short-dated, investment-grade (e.g., higher-quality) bonds with an average life of less than two years. Yields for these issues are higher than they have been in several years due to higher base rates and modestly wider spreads. Treasury securities round out the portfolio, providing more ballast. With higher short-term rates, we are once again able to generate 2+% yields without taking much interest rate risk. Not exciting but far better than the post-crisis ZIRP (zero interest-rate policy) environment.

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 firming, we also are in position to generate a modest current income stream. Ours is an old-fashioned, commonsense 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 throughout the year.

Quarterly Top Performers (%)	Return	Average Weight	Contribution
Booking Holdings Inc.	19.72	0.88	0.25
Mastercard Inc.-Class A	15.91	1.67	0.23
Guidewire Software, Inc.	8.85	1.57	0.16
Thermo Fisher Scientific Inc.	8.82	2.03	0.16
Visa Inc.-Class A	5.09	2.82	0.14

Quarterly Bottom Performers (%)	Return	Average Weight	Contribution
Comcast Corp.-Class A	-14.35	2.05	-0.29
Compass Minerals International, Inc.	-15.54	1.26	-0.20
Praxair, Inc.	-6.21	2.30	-0.12
Vulcan Materials Co.	-10.86	1.03	-0.11
Diageo plc-Sponsored ADR	-6.31	1.69	-0.11

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 March 31, 2018, were 7.06%, 5.17% and 6.21%, 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 S&P 500 and the Blended indices for the one-, five- and ten-year periods ended March 31, 2018, were 13.99%, 13.31%, 9.49% and 8.44%, 8.46%, 7.12%, 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 indices. 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 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.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Balanced Fund was rated against the following numbers of Allocation--30% to 50% Equity funds over the following time periods: 423 funds in the last three years, 354 funds in the last five years, and 261 funds in the last ten years. Past performance is no guarantee of future results.

Balanced Fund had a 1-year percentile ranking of 19 out of 511 Allocation—30% to 50% equity funds, 5-year percentile ranking of 30 out of 354 Allocation—30% to 50% equity funds, and 10-year percentile ranking of 18 out of 261 Allocation—30% to 50% equity funds as of March 31, 2018.

As of March 31, 2018: Allergan plc comprised 2.1% of Balanced Fund's net assets; Axalta Coating Systems Ltd. 1.4%; Berkshire Hathaway Inc.-Class B 3.0%; Comcast Corp.-Class A 1.8%; Compass Minerals International, Inc. 1.1%; Diageo plc-Sponsored ADR 1.7%; Dollar Tree, Inc. 1.2%; Guidewire Software, Inc. 1.5%; Mastercard Inc.-Class A 1.7%; Praxair, Inc. 2.1%; Thermo Fisher Scientific Inc. 2.0%; 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.