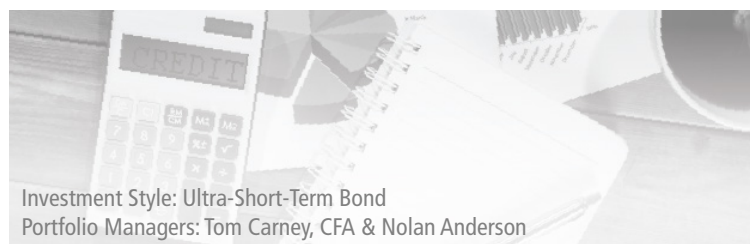


Ultra Short Government Fund

4Q 2017 Quarterly Commentary



Investment Style: Ultra-Short-Term Bond
Portfolio Managers: Tom Carney, CFA & Nolan Anderson

The Ultra Short Government Fund returned +0.76% for the 12 months ended December 31, compared to a +0.95% return for the ICE BofAML US 6-Month Treasury Bill Index (6-Month Treasury), our Fund's primary benchmark. For the fourth calendar quarter, the Ultra Short Government Fund returned +0.24%, compared to a +0.28% return for the Fund's primary index.

Overview

The Ultra Short Government Fund's first full year after its transition from a money market fund went well. Income, as measured by the Fund's 30-day yield, has increased, credit quality has remained high and liquidity has been strong.

Short-term interest rates have risen steadily throughout 2017. Three- and six-month Treasury Bills (a surrogate for the investment opportunity set for the Fund) have risen nearly a full percent in 2017, ending the year at 1.4% and 1.5%, respectively. The current environment may lead to further income/yield improvements for the Fund in 2018 as we reinvest maturing bonds in the portfolio, particularly if the Federal Reserve continues its tightening campaign.

The Fund's fourth-quarter results matched its primary benchmark, as modest price declines in select Fund holdings in the corporate bond segment offset strong income returns in the overall portfolio. The Fund's year-to-date results lagged its primary benchmark principally due to management's decision to maintain a shorter average life/duration than the benchmark. Management's view was and remains that the Fed would continue raising short-term interest rates, albeit modestly. A shorter average life has allowed the Fund to reinvest maturing bonds at higher rates as the Fed raised short-term interest rates three times in 2017.

The Fund's principal investment strategies and objectives of providing current income, protecting principal and providing liquidity remain our long-term goals. Under normal market conditions, the Fund will invest at least 80% of its net assets in obligations issued or guaranteed by the U.S. government and its government-related entities. The balance of Fund assets may be invested in U.S. investment-grade debt securities. We consider investment grade to be those securities rated at least BBB- by one or more credit rating agencies. Additionally, the Fund will maintain an average effective duration of one year or less. Duration is a measure of how sensitive the portfolio may be to changes in interest rates. All else equal, a lower duration portfolio of bonds is less sensitive to changes in interest rates than a portfolio of bonds with a higher duration. Over time, this shorter-term focus (duration of less than one year) is intended to generate higher total returns than cash or money market funds with less interest rate risk than short- or intermediate-term bonds.

The Federal Reserve's monetary policy decisions (e.g., changes in short-term interest rates) will continue to affect all investments within our opportunity set. As a result, our yield and return will invariably follow the path dictated by the Federal Reserve's monetary policy, as we frequently reinvest holdings that mature in a short period of time. As of December 31, 83.8% of our portfolio was invested in U.S. Treasury notes, 13.7% was invested in investment grade corporate bonds and asset backed securities, with the balance in a high-quality State Street money market fund. The average effective duration of our portfolio at December 31 was 0.3 years, unchanged from three months ago. The Fund's 30-day yield increased slightly to 1.18% as of December 31. As mentioned above, we will continue to focus on high credit quality, preservation of capital and maintaining liquidity for our investors.

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 0.76%, 0.19%, 0.34%, 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 0.60% (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 limit the total annual fund operating expenses (excluding taxes, interest, brokerage costs, acquired fund fees and expenses and extraordinary expenses) to 0.20% of the Fund's average daily net assets through July 31, 2018.

Prior to December 16, 2016, the Fund operated as a "government money market fund" and maintained a stable net asset value of \$1.00 per share. The Fund's performance above for the period prior to December 16, 2016, reflects the Fund's performance as a "government money market fund" and may not be indicative of future performance results.

Average annual total returns for the ICE BofAML US 6-Month Treasury Bill Index for the one-, five- and ten-year periods ended December 31, 2017, were 0.95%, 0.43%, and 0.71%. Index performance is hypothetical and is shown for illustrative purposes only. Comparative returns are the average returns for the reflected index. The ICE BofAML US 6-Month Treasury Bill Index is an unmanaged index that is generally representative of the market for U.S. Treasury Bills.

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.