

# Balanced Fund

For period ended December 31, 2017

## Fund Overview

The Balanced Fund is a no-load stock and bond fund. The goal of the fund is preservation of capital and long-term growth. The Balanced Fund generally invests at least 25% of its assets in common stocks and securities that are convertible to stock. At least 25% of total assets is invested in investment-grade bonds to offer income opportunities. The Fund may also invest up to 20% of its total assets in unrated or non-investment grade fixed income securities.

## Investment Strategy

At Weitz we don't focus on broad diversification or predetermined asset allocations. Instead, we use a common-sense, fundamental, bottom-up, one security at a time, value-based investing approach. Decisions are back by thorough research, logical strategies, extensive debate and our personal commitment to long-term results. We search for companies that are in control of their own destiny that have honest, intelligent management. We estimate a company's business value, and then we look to buy shares at a significant discount. This gives us a potential margin of safety, which may limit downside risk and optimize the potential for growth.

We cast a wide net to find fixed income investment opportunities that meet our stringent criteria. Instead of focusing solely on yield, we search for investments that we think will provide a reasonable risk-adjusted return. We examine potential opportunities until we find what we believe is the right investment at the right price.

## Characteristics & Volatility Measures<sup>1</sup>

Fund vs. Blended Index	3-year	5-year	10-year		
R-Squared	84.8	81.9	82.4	Number of Companies (Equity)	28
Beta	0.82	0.76	1.04	Number of Fixed Income Issuers	36
Alpha	-1.58	-0.99	-1.62	6-Month Turnover (9/30/17) (%)	28
Upside Capture Ratio	74.7	71.6	94.5	Annual Turnover (3/31/17) (%)	26
Downside Capture Ratio	101.8	90.1	107.5	5-year Avg. Annual Turnover (3/31/17) (%)	36
Standard Deviation	5.1	4.7	10.3		
Sharpe Ratio	0.82	1.33	0.49		

Source: FactSet

## Asset Allocation (% of Net Assets)



Asset-Backed Securities	0.2	Mortgage-Backed Securities	2.7
Common Stocks	47.4	U.S. Treasury Notes	26.7
Corporate Bonds	21.0	U.S. Treasury Bills, Cash/Other	1.2
Corporate Convertible Bonds	0.8		

## FIXED INCOME HOLDINGS (including U.S. Treasury Notes & Bills)

### Portfolio Summary

Average Maturity	2.2 years
Average Effective Maturity	2.2 years
Average Duration	2.0 years
Average Effective Duration	2.1 years

Source: Bloomberg Analytics

### Duration Distribution

	Fixed Income Portfolio (%)
0-1 year	30.2
1-3 years	46.5
3-5 years	18.8
5-7 years	4.5

Source: Bloomberg Analytics

### Maturity Distribution

	Fixed Income Portfolio (%)
Cash Equivalents/Other	1.8
Less than 1 year	27.3
1-3 years	42.4
3-5 years	21.7
5-7 years	6.8

Source: Bloomberg Analytics

### Credit Quality<sup>(a)</sup>

	Fixed Income Portfolio (%)
Treasury	50.9
U.S. Government Agency MBS <sup>(b)</sup>	2.5
Aaa/AAA	2.6
Aa/AA	2.0
A/A	14.2
Baa/BBB	23.5
Caa/CCC	0.9
Non-Rated	1.6
Cash Equivalents	1.8

Source: Bloomberg Analytics

(a) The Fund receives credit quality ratings on underlying securities of the Portfolio when available from credit rating agencies. The Fund will use one rating for an underlying security if that is all that is provided. Ratings and portfolio credit quality may change over time. The Fund itself has not been rated by an independent rating agency.

(b) Mortgage related securities issued and guaranteed by government-sponsored entities such as Fannie Mae and Freddie Mac are generally not rated by ratings agencies. Securities which are not rated do not necessarily indicate low quality. Fannie Mae's and Freddie Mac's senior long-term debt are currently rated Aaa and AAA by Moody's and Fitch, respectively.

## Fund Facts

Ticker	WBALX
Investment Minimum	\$2,500
CUSIP	94904P104
Fund Expense Ratio (%) as stated in 7/31/17 Prospectus	1.01   0.95 Gross   Net
Portfolio Managers	Brad Hinton, CFA
Investment Style	Stock and bond fund
Inception Date	October 1, 2003
Net Assets	\$122.3 Million
Dividends/Capital Gains	Paid Semi-Annually (June & December)

## COMMON STOCK HOLDINGS

Top 10 Stock Holdings	Net Assets (%)
Berkshire Hathaway Inc.-Class B	3.2
Laboratory Corp. of America Holdings	3.1
Visa Inc.-Class A	2.8
Praxair, Inc.	2.5
Oracle Corp.	2.3
Liberty Broadband Corp.-Series C	2.3
Comcast Corp.-Class A	2.1
Allergan plc	2.0
Thermo Fisher Scientific Inc.	1.9
Diageo plc-Sponsored ADR	1.8
<b>Net Assets in Top 10 (%)</b>	<b>24.0</b>

## Industry Breakdown

	Common Stock (%)
Information Technology	27.9
Health Care	17.0
Financials	15.2
Consumer Discretionary	14.7
Materials	18.1
Consumer Staples	7.1
Industrials	0.0

## Capitalization

	Common Stock (%)
>\$50 Billion	58.9
\$10-\$50 Billion	29.6
\$2.5-\$10 Billion	5.4
<\$2.5 Billion	6.1
<b>Weighted Average Market Cap (B)</b>	<b>\$138.0</b>

For more information

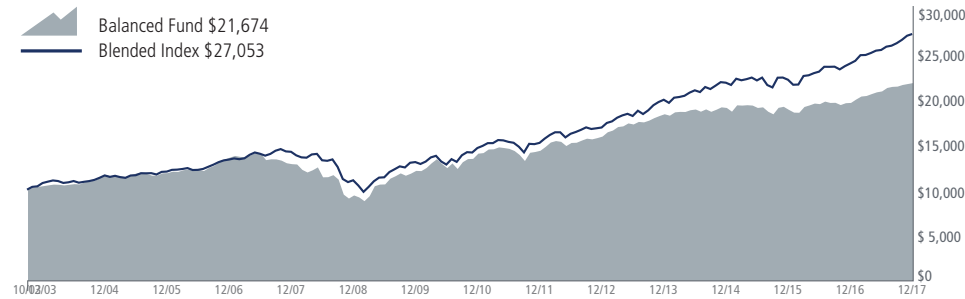
## Returns (%)

## ANNUALIZED

	Since Inception	10-year	5-year	3-year	1-year	Quarter
WBALX	5.57	5.42	6.51	4.58	11.15	1.82
Blended Index	7.23	6.70	9.99	7.60	13.59	3.87

Fund inception: 10/1/2003

## Growth of \$10,000



## Summary of Returns (%)

	2003 (10/1/03)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
WBALX	3.78	11.84	1.73	14.33	-5.26	-26.82	28.77	15.66	2.27	10.91	15.46
Blended Index	7.23	7.75	3.66	11.00	6.39	-22.07	18.11	11.85	3.85	11.15	18.09
Relative Results <sup>1</sup>	-3.45	4.09	-1.93	3.33	-11.65	-4.75	10.66	3.81	-1.58	-0.24	-2.63

	2014	2015	2016	2017 (12/31/17)
WBALX	3.79	-1.11	4.07	11.15
Blended Index	9.42	1.49	8.06	13.59
Relative Results	-5.63	-2.60	-3.99	-2.44

**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](http://weitzinvestments.com).

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.

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<sup>®</sup> 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.

## Investment Risks

An investment in the Fund involves certain risks, such as: the Fund may invest in undervalued securities, which by definition are out of favor with investors, and there is no way to predict when, if ever, such securities may return to favor. Because the Fund may have a more concentrated portfolio than certain other mutual funds, the performance of each holding in the Fund has a greater impact upon the overall portfolio, which increases risk. When interest rates rise, bond prices generally fall, and the Fund's share price can fall. The Fund may purchase lower-rated and unrated fixed-income securities, which involve an increased possibility that the issuers of these may not be able to make payments of interest and principal. See the Fund's Prospectus for a further discussion of risks related to the Fund.

Portfolio composition is subject to change at any time. Current and future portfolio holdings are subject to risk.

Included is a reference to the term margin of safety. This term refers to purchasing securities at a price that is less than our estimate of intrinsic value. A potential margin of safety may limit downside risk and optimize the potential for growth.

<sup>1</sup>**Definitions: R-Squared:** portfolio's movements that can be explained by movements in its benchmark. **Beta:** measure of systematic risk with respect to a benchmark. **Alpha:** difference between a portfolio's actual returns and its expected performance, given its level of risk measured by beta. **Upside Capture Ratio:** manager's performance in up markets relative to the benchmark. **Downside Capture Ratio:** manager's performance in down markets relative to the benchmark. **Standard Deviation:** measure of how widely the returns varied over a certain period of time from the average. **Sharpe Ratio:** measure to determine reward per unit of risk. **Relative Results:** difference between the Fund's performance and the performance of the reflected benchmark.

**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.**