Legends Live On

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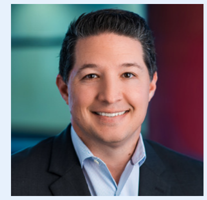

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The Weitz fixed income funds delivered solid returns in the fourth quarter. Both the Weitz Short Duration Income and the Weitz Core Plus Income Funds generated benchmark-beating results for the calendar year, and Core Plus was a top-quartile performer within its peer group for 2020. Full-year results were meaningfully aided by investments made during the challenging months of the first and second quarters. Our ability to be a liquidity provider (buying when others *had* to sell) was a key determinant to full-year results. Further detail about contributors to performance can be found in each fixed income fund's quarterly commentary.

	Average Annual Total Returns as of 12/31/2020							
	1 YR	3 YR	5 YR	10 YR	Since Fund Inception	Inception Date	Net Expense	Gross Expense
Core Plus Income Fund- Institutional (WCPBX)	**10.32%**	**6.47%**	**5.94%**	**N/A**	**4.82%**	**07/31/2014**	**0.40%**	**0.80%**
Bloomberg Barclays U.S. Aggregate Bond Index	7.51%	5.33%	4.43%	N/A	3.88%			
Short Duration Income Fund - Institutional (WEFIX)	**3.34%**	**2.96%**	**2.71%**	**2.27%**	**4.95%**	**12/23/1988**	**0.48%**	**0.64%**
Bloomberg Barclays 1-3 Year U.S. Aggregate	3.08%	2.89%	2.17%	1.60%	N/A			

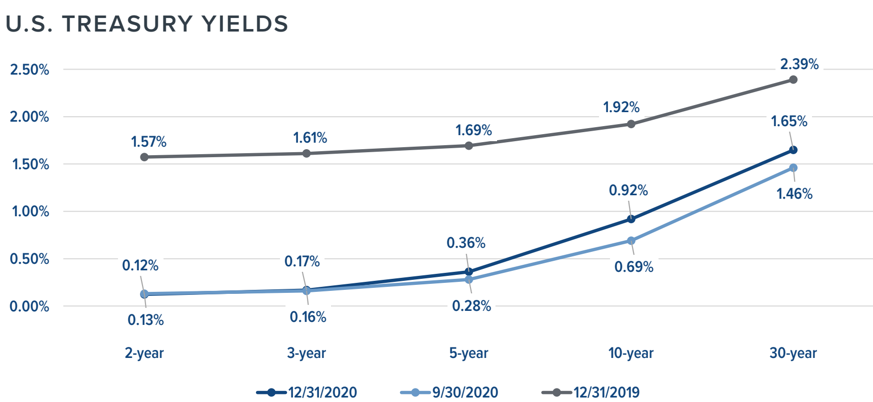
*See disclosures below for additional information regarding net and gross expenses.

The Weitz Core Plus Income Fund was ranked against the following Morningstar Intermediate Core-Plus Bond funds: 1-year percentile ranking of 13 out of 613 funds; 5-year percentile ranking of 10 out of 537 funds; and Since Inception percentile ranking of 7 out of 512 funds as of 12/31/2020.

Weitz equity and conservative allocation funds also posted strong gains in the fourth quarter. Please see Co-Chief Investment Officers Wally Weitz and Brad Hinton's **Value Matters** as well as individual fund **quarterly commentaries** for detailed analysis.

Fixed-Income Market Update

The graph below shows the changes of select Treasury rates over the past quarter and year.

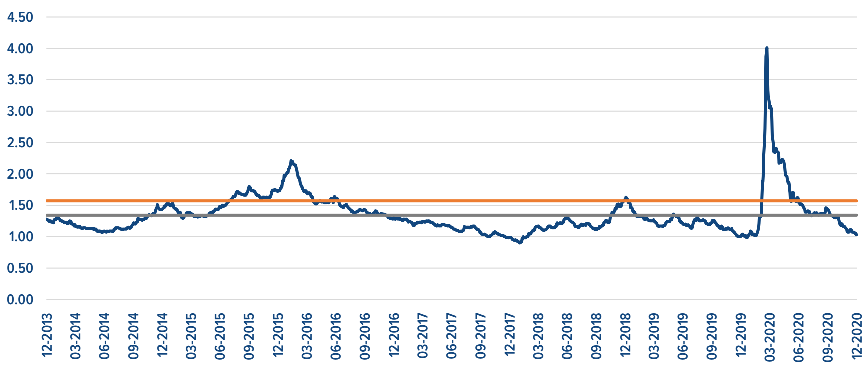


Source: Bloomberg

The Treasury curve steepened modestly in the fourth quarter as longer rates (particularly 10- and 30-year) rose. Shorter rates (0- to 3-year) remained anchored near zero given the Federal Reserve's (Fed) resolve to leave the Fed funds rate at, or near, zero.

Spreads on corporate bonds continued to decline in the fourth quarter, resulting in outperformance compared to U.S. Treasury bonds. A broad measure of investment-grade corporate bond spreads, compiled by ICE BofA, continued their decline in the quarter – from 144 basis points as of September 30 to 103 basis points as of December 31. The chart below depicts the path of investment-grade credit spreads for the past five years (blue line) against the one- (orange) and five-year (gray) averages.

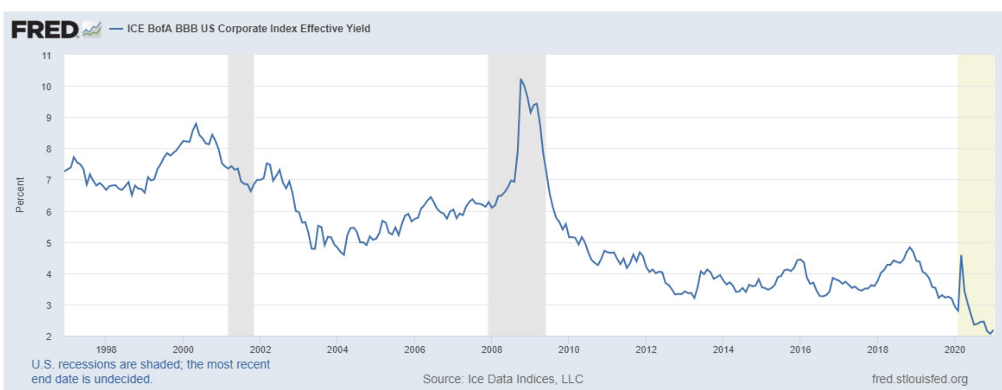
INVESTMENT GRADE CREDIT SPREADS



Source: Federal Reserve Economic Data (FRED) — St. Louis Fed

Overall, investment-grade corporate bond credit spreads have come back down from the large spike upward that peaked in March 2020. Credit spreads closed 2020 more than 30 basis points lower than they have averaged over the last five years. Additionally, investment-grade credit spreads are only 13 basis points above the post-Great Financial Recession lows set in early 2018. Coupled with very low 'base' rates (U.S. Treasury) on which nominal returns are set, forward returns have reached all-time lows, ending 2020 at a yield to worst of 1.79%.

The following chart depicts the seemingly inexorable decline in the yield to worst of the ICE BofA investment-grade corporate bond index over the last 25 years. Yields to worst of 7%+ in 1997 have given way to less than 1.8% as we enter 2021.



While the yield to worst metric has reached decades *lows*, duration (a measure of interest rate risk) has reached decades *highs*. Over the same time frame, corporate bond index duration has increased nearly 50 %. Since higher duration equates to higher interest rate risk, the markets enter 2021 with yields to worst at all-time lows and duration at all-time highs – a combination many (we included) would label as an environment of 'return-free risk' (and we'd say especially for price-insensitive index investors).

2020 Hindsight

While 2020 will likely go down as a year nearly no one will miss, but will also never forget, here is a look back at key market-driving events that few (if any) could have anticipated – but have become much clearer through the lens of hindsight.

- COVID. Prior to 2020, it would have boggled the mind to consider an economic and societal lockdown of the planet for a week or two. It would have been even more incomprehensible to imagine restrictions spanning months (some of which are ongoing). In addition to the unfortunate loss of life, more than 20 million Americans lost their economic livelihood in a record amount of time, with millions now considered permanently jobless. COVID's resolution continues to be *the* story as we begin 2021. How this invisible enemy is resolved (even with vaccines) remains a mystery.

- The real value and meaning of liquidity were brought to bear in the dark days of March when liquidity disappeared (or came at a high cost) for those who *had* to sell to meet investor redemptions. Investors will be unpacking the lessons of the illiquidity of 2020 for years to come.
- During the worldwide COVID scare, Saudi Arabia instigated an oil price war with Russia that eventually led to a *negative* oil price before cooler heads prevailed. This was undoubtedly the *most* unlikely of events one could imagine unfolding in 2020.
- March 23, arguably the most important day of the year as far as investment markets are concerned, the Fed and Treasury threw the proverbial 'kitchen sink' at the problems in the marketplace, dusting off the playbook used in the Great Recession of 2008 while adding more tools to enhance market liquidity. Not only were the size and scope unprecedented, but the speed (weeks versus months in 2008/2009) arguably saved the economy from a real depression.
- The Fed has been actively buying Treasuries and agency mortgage-backed securities since the Great Recession. But in 2020, they began buying corporate bonds and exchange-traded funds (ETFs) directly. While the quantity bought by the Fed has not been that dramatic or large, the signal to the bond market was clear. A 'sell at any price' mindset in mid-March became a 'buy at any price' mindset only a few weeks later. And the momentum continued through year-end.
- Vaccine discovery. Operation Warp Speed delivered, and with it renewed hope of improvement for the economy.
- While many companies (particularly energy, travel, restaurant and retail) were unable to withstand the economic hurricane the COVID lockdowns induced, as bankruptcies increased meaningfully, the backstops provided by world governments and central banks averted a credit crisis of much grander (even biblical) proportions. As mentioned in the previous section, a returns crisis (very low forward return possibilities) has replaced the credit cliff.

Vision for 2021 – as always, closer to 20/200

Unlike hindsight, most (if not all) market predictions/prognostications are guesses about a very unpredictable future. Our job is to take advantage of the 'pitches' (preferably fat ones) that the markets offer us. Our capital deployment in the depths of 2020 is a testament to our willingness to wait for our 'pitch.' We will also strive to grow/learn in areas that are complementary to our core investment process.

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Our investments in middle market collateralized loan obligations (CLOs) are a prime example of expanding our circle of competence in 2020. We previously wrote about middle market CLOs in the Q3 2020 commentaries for our Short Duration and Core Plus Income Funds. In this context, "middle market" generally refers to smaller companies with annual cash flow (earnings before income taxes, depreciation and amortization) of less than $75 million. The CLO structure then combines loans made to middle market companies. Our 2020 CLO investments include credit enhancements such as overcollateralization and senior/subordinate cash flow structures. To date, the Core Plus Income Fund's benchmark (the Bloomberg Barclays U.S. Aggregate Bond Index, or the "Agg") does not invest in CLOs. We believe that our ability to invest outside "index eligible" areas is a key benefit that flexible, active management can provide.

As we launch into a new year, there is plenty to be concerned about (as always). Forward returns appear challenging from the perspective of a very low starting point. Although we predicted the same challenges a year ago, returns ended up being quite strong. Today, we believe we are positioned well to weather the storms ahead should market-related squalls form, such as long-dormant inflation. Most importantly, we aim to distill the experiences from 2020 (both good and bad) to make even better future decisions.

No year will be like another. Our fixed income funds have broad, flexible mandates that allow us to navigate the increasingly lower return environment by identifying investment opportunities away from price-insensitive index investors and less influenced by Fed intervention (many structured products, including CLOs, are not in the Agg, and as previously mentioned, the Fed is not currently buying CLOs). Our goals remain the same. Namely, to (a) preserve capital, (b) maintain a strong liquidity position, (c) understand evolving risks and opportunities, (d) conduct consistent/thorough credit surveillance, and (e) selectively take advantage of favorable risk/reward opportunities.

The market-related events in 2020, especially the dark days of March, remind us of Gordon Lightfoot's 1976 song "The Wreck of the Edmund Fitzgerald." 2020 will likely be remembered as one where the 'legends live on,' where the 'waves turn the minutes to hours.' We are relieved (and certainly pleased) to have navigated well through 2020's market-related hurricane. We not only avoided being claimed by the market's version of the 'big lake they called Gitche Gumee' – but we were fortunate to have done so safely and comfortably.

Again, we encourage you to see all the fund commentaries on our website for additional information regarding fourth quarter 2020 portfolio activity and current positioning. We remain ready to take advantage of valuation disparities that may develop and hope to continue to earn your trust.

IMPORTANT DISCLOSURES

The opinions expressed are those of Weitz Investment Management and are not meant as investment advice or to predict or project the future performance of any investment product. The opinions are current through 01/13/2020, are subject to change at any time based on market and other current conditions, and no forecasts can be guaranteed. This commentary is being provided as a general source of information and is not intended as a recommendation to purchase, sell, or hold any specific security or to engage in any investment strategy. Investment decisions should always be made based on an investor's specific objectives, financial needs, risk tolerance and time horizon.

Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. All investments involve risks, including possible loss of principal. Please visit weitzinvestments.com for the most recent month-end performance.

*Investment results reflect applicable fees and expenses and assume all distributions are reinvested but do not reflect the deduction of taxes an investor would pay on distributions or share redemptions. Net and Gross Expense Ratios are as of the Fund's most recent prospectus. Certain Funds have entered into fee waiver and/or expense reimbursement arrangements with the Investment Advisor. In these cases, the Advisor has contractually agreed to waive a portion of the Advisor's fee 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 of the Class's average daily net assets through 07/31/2021. The Net Expense Ratio reflects the total annual fund operating expenses of the Fund after taking into account any such fee waiver and/or expense reimbursement, if any; total returns would have been lower had there been no waivers or reimbursements.

Index performance is hypothetical and is shown for illustrative purposes only. You cannot invest directly in an index.

- The Bloomberg Barclays 1-3 Year U.S. Aggregate Index is generally representative of the market for investment grade, U.S. dollar denominated, fixed-rate taxable bonds with maturities from one to three years.
- The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

As of 12/31/2020, the 30-day SEC subsidized and unsubsidized yields were as follows: Core Plus Income Fund 2.34% and 1.94%, and Short Duration Income Fund 1.60% and 1.38%, respectively.

Effective 12/16/2016, the Short Duration Income Fund revised its principal investment strategies. Since that time the Fund has generally maintained an average effective duration between one to three and a half years. Prior to that date, the Fund maintained a dollar–weighted average maturity of between two to five years. Performance prior to 12/16/2016 reflects the Fund's prior principal investment strategies and may not be indicative of future performance results.

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

Definitions: Investment Grade Bonds are those securities rated at least BBB- by one or more credit ratings agencies. **30-Day SEC Yield** represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. **Subsidized yield** reflects fee waivers and/or expense reimbursements during the period. Without such fee waivers and/or expense reimbursements, if any; yields would have been lower. **Unsubsidized yield** does not adjust for any fee waivers and/or expense reimbursements in effect. **Yield to worst (YTW)** is the lowest potential yield (most conservative yield) that can be received on a bond without the issuer actually defaulting. YTW is calculated by using worst-case scenario provisions, including prepayments, calls and sinking funds. Furthermore, YTW is a forward-looking estimate that ignores capital gains.

Investors should consider carefully the investment objectives, risks, and charges and expenses of the Funds before investing. This and other important information is contained in the prospectus and summary prospectus, which may be obtained at weitzinvestments.com.

Weitz Securities, Inc. is the distributor of the Weitz Funds.