Moving Forward in a Changed World

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The first quarter of 2020 felt like stepping through the looking glass into another world. COVID-19 is ***the*** story of the moment. Attempts to slow its spread have put the country and much of the world in a kind of "time out" that has paralyzed economies and raised anxiety levels everywhere. Our first priorities are to make sure that our colleagues, friends, families and clients are physically safe and that we are as prepared as possible for a siege that could last weeks or months.

The daily reports on new cases as well as the shortages of tests and medical supplies are keeping the country on edge. Healthcare systems in a growing number of hot spots are struggling to build capacity ahead of the mounting cases. The good news is that the country has taken notice, and addressing the shortages is now a priority. New and more widely available tests should allow for more effective policy responses. Increased production of personal protective equipment (PPE) for medical professionals, ventilators and thousands of temporary hospital beds will help us manage through the crisis. Potential drug treatments are being tested, and while the ultimate defense, an effective vaccine, may be a year or more away, it seems highly likely that one will be developed. When that happens, it will be clear that we can coexist with this virus, if not eradicate it.

It will likely take a while to get the upper hand on the virus, but we do not doubt that the country will get through it. In the meantime, our business continuity strategy has enabled our team to work remotely without disruption. As always, we continue our fundamental research and business model analysis. And, we stay in contact with company management teams, with a focus on understanding the impact this new reality will have on their businesses. The future will be different for most companies, and we aspire to own the ones that can thrive in a post-COVID world.

1st Quarter Results

The volatility in stock and bond markets in the first quarter was extreme. A number of companies' stock prices fell over 50%, rallied significantly and then sagged again as rumors, margin calls and other non-fundamental factors played havoc with trading. The quarterly performance reflected in the table following this letter could have been very different if the quarter had ended on a different day, and they will no doubt be out of date by the time you read this letter. Quarterly results are rarely predictive of longer-term results, and all we can tell for sure is that investors are extremely confused and afraid.

Our stock funds were all down for the quarter, though some fared better than others, which was at least partly due to the portfolio weightings of some very large, mature companies that generally held up better than smaller companies. One bright spot in terms of relative performance was the Partners III Opportunity Fund, which is structurally different from our other equity portfolios, being partly hedged and generally less exposed to the stock market. But it was not immune from the carnage. [*See Partners III's* ***portfolio holdings*** *for securities sold short, which includes hedges against, and therefore less overall exposure to, the S&P 500.*]

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Our fixed income funds, in spite of severe bond market chaos, did their jobs of providing ballast for investors' portfolios. Returns ranged from small gains for the Ultra Short Government Fund and the Nebraska Tax-Free Income Fund to small declines for the Short Duration Income Fund and the Core Plus Income Fund. The leaders of our fixed income team, Tom Carney and Nolan Anderson, made some very opportunistic purchases during the quarter, and though corporate and asset-backed bond prices are currently depressed, we believe shareholders will benefit from these portfolio maneuvers. Tom and Nolan will elaborate further in their **Fixed Income Insights**.

We do not relish using red ink in our reports, but we feel good about the stocks and bonds that we own and the moves that our portfolio managers made during the quarter. This update is short on specific investments details, but our portfolio managers provide a lot of information about this busy quarter in their **individual fund perspectives**.

Changing Changelessness

So, we have a recession ("a rose by any other name…"). It is a big one that came on suddenly. But with a combined 80+ years of industry experience between the two of us, we've managed through many recessions and bear markets. Whatever the cause, the stock and bond market reactions are ultimately driven by people, and people react in predictable ways. Hence the excuse to dust off "changing changelessness," the favorite catchphrase of my (Wally's) high school Latin teacher, Dr. Romeo (yes, that was his real name).

There are some unique aspects of the current economic situation, including the threat of catching a potentially deadly disease. And while the odds of becoming infected and developing dangerous symptoms is low, the disease is new and not well understood. So, understandably, anxiety is high. On top of that, there's an oil price war raging between Russia and Saudi Arabia while, simultaneously, demand for oil has collapsed. This has a very specific and devastating impact on the domestic "oil patch" (and those who live in it, serve it and lend to it).

What makes the current situation so jarring is that the economy more or less shut down overnight. Generally, recessions begin in a weak sector or two, spread to others and gradually affect the whole economy. This time, as communities across the country began to stay at home, it was as if the power switch for the economy was suddenly flipped off.

It is small comfort that St. Louis Fed president James Bullard prefers to call this recession a "National Pandemic Adjustment Period." The disruption to lives and economic activity feels like the real thing. But the country has, in effect, been put into an "induced coma" to allow it to heal, making it plausible that the patient's recovery may be quicker and more robust once the coma is lifted. That is the hope of policymakers. Extraordinary monetary and fiscal measures are now in place to ***sustain*** the economy during this period. ***Stimulative*** measures (e.g. infrastructure spending) are likely to follow to make sure the recovery ***is*** powerful.

The Liquidity Crisis

In response to the Great Financial Crisis of 2008-09, the Federal Reserve (Fed) lowered interest rates and flooded the markets with newly created money. That was a reasonable policy response, and the economy recovered. By keeping credit cheap and readily available long after the crisis was over, they arguably encouraged imprudent lending and excessive borrowing.

A great deal of borrowing is done on a short-term basis because short rates are generally lower than longer-term rates. The expectation is that collateral will maintain its value and loans will be renewed or extended. Periodically, lenders become concerned about the creditworthiness of borrowers and "tighten" or withdraw credit. This results in forced sales of collateral, including stocks and bonds. In extreme cases, distress selling of assets turns into a figurative run on the bank. The sudden shutdown of economic activity in response to the virus has raised the prospect of loan defaults by individuals and companies and has triggered a classic liquidity crisis.

Fortunately, the Fed and Treasury learned important lessons during the last crisis, and being independent entities, they have been able to swing into action very quickly. Their focus has been on the bond markets, which are much larger than the stock market and more crucial to day-to-day economic activity. They started with treasuries and AAA bonds. Stabilizing the market for the most risk-averse investors was key to restoring faith in the rest of the credit markets. Multiple trillions of dollars have been injected to assure credit is available to desperate, but creditworthy, borrowers. Most of this money is not at risk and will not be lost by the government, but its presence restores confidence.

This process is not complete as of the end of March, but there are signs that the credit markets are settling down and reopening for normal lending and borrowing. This is a critical first step to addressing the bigger issue of the recession. Credit must be available for normal business activities and for companies that must make workout arrangements with their creditors. When buyers and sellers can transact because they ***want*** to and not because they ***have*** to, business can return to normal. With an end to the liquidity crisis, hopefully within a few weeks, the country will be able to address a more familiar and manageable challenge – the recession.

Lower Earnings, Changing Business Models, Opportunities for Patient Investors

Investing in any environment, but particularly during a recession, requires patience, discipline and realistic expectations. But as history has shown time and time again, it can be done. Based on the assumption that the economy will remain subdued for months, we are building a prolonged recession into the earnings models we use to estimate business values. Each business is different, and we are just beginning to understand how companies are impacted by people staying home as well as the potential benefits to come from the smorgasbord of fiscal and monetary programs. If Bullard and other economists are correct and we have a V-shaped recovery, that will be a bonus.

One of the complicating factors is that the public health prescription of shutting down the economy and having everyone stay at home is the flip side of the economic health prescription of getting everybody back to work. Hopefully, with widespread testing and effective treatment, our policymakers will find the right balance between isolating the sick, protecting the most vulnerable and carefully reopening the country. The polarized political climate may complicate the policy discussion, but whether done well or poorly, the U.S. (and the rest of the world) will eventually reopen for business and life.

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Investing in the Thick of the Crisis

We are remaining invested. Given the extreme uncertainty as to the length and depth of the health crisis and economic recession, we are being conservative in our assessments of business values. On the other hand, in periods of market distress, stock prices usually overshoot to the downside and subsequent recoveries can be just as explosive to the upside.

Bear markets scare some investors and wear out others. At some point, the markets turn, usually for no apparent reason. We do not know when this bear will end, nobody does. But we firmly believe that if we try to sidestep it and to "get back in when the coast is clear," we will miss the initial snapback and an important part of potential future returns.

We are emphasizing quality over absolute cheapness. All stocks have been affected by the recent decline, and some of those most obviously impacted by the pandemic look extraordinarily cheap. Investors have a way of extrapolating the negatives of the recent past far into the future and pricing stocks accordingly. We are looking for mispriced assets, but we are ***not interested*** in any stock for which the investment thesis begins, "If this company survives the recession…." On the contrary, the recent extreme volatility has created an opportunity for us to buy more of some of our favorite stocks and to establish positions in some great businesses which we have aspired to own for some time. These very high-quality stocks may not bounce as rapidly initially, but we believe they will provide very strong returns for our portfolios over the next 5-10 years.

We are trying to anticipate behavioral changes by consumers and workers. One of the most interesting questions our investment team has been discussing is "How will consumer behavior change as a result of the pandemic?" Human nature does not seem to change over time, but an extended period of working remotely and social distancing may have lasting impacts. Attitudes toward the role of government may also change. The relative values of Netflix vs. movie theaters may seem clear, but all industries will be affected. We are trying to be imaginative about potential changes and to be humble about our ability to predict.

Management is key. Quality of management and corporate culture are always important criteria for evaluating a business. We need to be able to trust management to keep the balance sheet strong and adjust the business model to fit changing conditions. With the "downside" protected (first things first!), some of our companies will be able to "play offense." Berkshire Hathaway is famous for being there to "help" other companies in a crisis. Warren Buffett has made legendary investments in times of financial stress as has John Malone at Liberty Media. Other CEOs have also been adept at acquiring assets and businesses opportunistically.

Recognizing a market bottom. The stock market ***always*** turns back up ***before*** it is clear that the danger has passed. All investors will be watching the shape of the infection curve and trying to predict the end of the COVID crisis. There will probably be several false starts and the market's bottoming process may take many months. We will not be able to "call the bottom" accurately, but that is not our objective.

Our goals are to (a) preserve capital, (b) understand evolving risks and opportunities, and (c) position our portfolios for strong returns over the coming years.

Outlook

As a country, we are experiencing something new and surreal, and the psychological trauma may be more significant than the physical or economic. As investors, we are less certain than usual about how near-term events will unfold. The good news is that the country's capacity to respond to the healthcare emergency is ramping up rapidly. The human ingenuity being displayed in dealing with shortages and developing treatments has been very encouraging. The government has made unprecedented financial and policy responses. Stories of extraordinary work by healthcare workers and ordinary people are amazing. China and other Asian countries that were affected early are beginning to reopen. There are ***logical*** reasons for hope and optimism even if our fears and uncertainty persist.

We are especially thankful to our colleagues who are capably working under new and unusual circumstances and for our clients who have been very supportive through this entire situation. We are in this together, and we believe that we will get through it and return to a changed, but recognizable, version of normal.

As always, we're here to support you and want to ensure you're as informed as possible. Please don't hesitate to reach out to your Weitz representative if we can be of assistance.

> *"There are* logical *reasons for hope and optimism even if our fears and uncertainty persist."*

IMPORTANT DISLCOSURES

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 04/3/2020, 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.

			ANNUALIZED RETURNS AS OF 3/31/2020					
EQUITY	**YTD**	**1 YR**	**5 YR**	**10 YR**	**Since Fund Inception***	**Inception Date**	**Net Expense**	**Gross Expense**
Hickory Fund (WEHIX)	**-27.69%**	**-15.67%**	**-2.20%**	**5.85%**	**8.20%**	**4/1/1993***	**1.09%**	**1.27%**
Russell Midcap®	-27.07%	-18.31%	1.85%	8.77%	9.52%			
S&P 500®	-19.60%	-6.98%	6.73%	10.53%	8.81%			
Partners III Opportunity Fund - Investor (WPOIX)	**-16.30%**	**-6.40%**	**0.70%**	**7.33%**	**11.55%**	**8/1/2011**	**2.13%**	**2.13%**
Partners III Opportunity Fund - Institutional (WPOPX)	**-16.17%**	**-5.83%**	**1.22%**	**7.72%**	**11.66%**	**6/1/1983***	**1.56%**	**1.56%**
S&P 500®	-19.60%	-6.98%	6.73%	10.53%	10.42%			
Russell 3000®	-20.90%	-9.13%	5.77%	10.15%	10.14%			
Partners Value Fund - Investor (WPVLX)	**-26.32%**	**-14.82%**	**-2.00%**	**6.01%**	**10.64%**	**7/31/2014**	**1.09%**	**1.27%**
Partners Value Fund- Institutional (WPVIX)	**-26.26%**	**-14.59%**	**-1.75%**	**6.16%**	**10.68%**	**6/1/1983***	**0.89%**	**1.07%**
S&P 500®	-19.60%	-6.98%	6.73%	10.53%	10.42%			
Russell 3000®	-20.90%	-9.13%	5.77%	10.15%	10.14%			
Value Fund - Investor (WVALX)	**-18.98%**	**-5.77%**	**2.53%**	**8.27%**	**9.61%**	**5/9/1986***	**1.09%**	**1.23%**
Value Fund- Institutional (WVAIX)	**-18.94%**	**-5.55%**	**2.76%**	**8.41%**	**9.65%**	**7/31/2014**	**0.89%**	**1.08%**
S&P 500®	-19.60%	-6.98%	6.73%	10.53%	9.72%			
Russell 1000®	-20.22%	-8.03%	6.22%	10.39%	9.69%			

			ANNUALIZED RETURNS AS OF 3/31/2020					
ALLOCATION	**YTD**	**1 YR**	**5 YR**	**10 YR**	**Since Fund Inception**	**Inception Date**	**Net Expense**	**Gross Expense**
Balanced Fund - Investor (WBALX)	**-7.95%**	**0.35%**	**3.77%**	**6.01%**	**5.20%**	**10/1/2003***	**0.85%**	**1.30%**
Balanced Fund - Institutional (WBAIX)	**-7.89%**	**0.45%**	**3.79%**	**6.02%**	**5.21%**	**3/29/2019**	**0.70%**	**0.97%**
Morningstar Moderately Conservative Target Risk	-8.16%	-0.81%	3.56%	5.11%	5.51%			

			ANNUALIZED RETURNS AS OF 3/31/2020					
FIXED INCOME	**YTD**	**1 YR**	**5 YR**	**10 YR**	**Since Fund Inception**	**Inception Date**	**Net Expense**	**Gross Expense**
Core Plus Income Fund - Investor (WCPNX)	**-3.12%**	**1.38%**	**2.70%**	**N/A**	**2.89%**	**7/31/2014***	**0.50%**	**1.42%**
Core Plus Income Fund- Institutional (WCPBX)	**-2.99%**	**1.56%**	**2.93%**	**N/A**	**3.11%**	**7/31/2014***	**0.40%**	**0.96%**
Bloomberg Barclays U.S. Aggregate Bond	3.15%	8.93%	3.35%	N/A	3.65%			
Nebraska Tax-Free Income Fund (WNTFX)	**0.38%**	**2.55%**	**1.31%**	**1.89%**	**4.45%**	**10/1/1985***	**0.45%**	**0.89%**
Bloomberg Barclays 5-Year Municipal Bond	-1.04%	2.19%	2.07%	2.75%	N/A			
Short Duration Income Fund - Investor (WSHNX)	**-2.19%**	**0.26%**	**1.27%**	**1.81%**	**4.82%**	**12/23/1988**	**0.55%**	**0.92%**
Short Duration Income Fund - Institutional (WEFIX)	**-2.15%**	**0.44%**	**1.49%**	**2.00%**	**4.89%**	**12/23/1988***	**0.48%**	**0.63%**
Bloomberg Barclays 1-3 Year U.S. Aggregate	1.79%	4.63%	1.93%	1.64%	N/A			
Ultra Short Government Fund (SAFEX)	**0.75%**	**2.44%**	**1.16%**	**0.59%**	**2.36%**	**8/1/1991***	**0.20%**	**0.61%**
ICE BofAML U.S. 6-Month Treasury Bill	0.94%	2.85%	1.44%	0.83%	2.93%			

*Denotes the Fund's inception date and the date from which Since Inception Performance is calculated.

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 07/31/2020.

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.

Performance quoted for the Balanced, Partners Value and Value Funds' Institutional Class shares before their inception is derived from the historical performance of the Investor Class shares, which have not been adjusted for the expenses of the Institutional Class shares, had they, returns would have been different.

Performance quoted for the Partners III Opportunity and Short Duration Income Funds' Investor Class shares before their inception is derived from the historical performance of the Institutional Class shares, which have not been adjusted for the expenses of the Institutional Class shares, had they, returns would have been different.

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 5-Year Municipal Bond Index is a capitalization weighted bond index generally representative of major municipal bonds of all quality ratings with an average maturity of approximately five 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.
- The ICE BofAML 6-Month Treasury Bill Index is generally representative of the market for U.S. Treasury Bills.
- The Morningstar Moderately Conservative Target Risk Index is an asset allocation index comprised of constituent Morningstar indices and reflects global equity market exposure of 40% based on an asset allocation methodology derived by Ibbotson Associates, a Morningstar company.
- The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership.
- The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.
- The Russell Midcap Index tracks the performance of the 800 next-largest U.S. companies, after the 1,000 largest U.S. companies.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.

On 12/29/2006, the Nebraska Tax–Free Income Fund succeeded to substantially all of the assets of Weitz Income Partners Limited Partnership, (the "Partnership"). On 12/31/1993, Partners Value Fund succeeded to substantially all of the assets of Weitz Partners II Limited Partnership (the "Partnership"). On 12/30/2005, Partners III Opportunity Fund succeeded to substantially all of the assets of Weitz Partners III Limited Partnership, (the "Partnership"). The investment objectives, policies and restrictions of the Funds are materially equivalent to those of the Partnerships, and the Partnerships were managed at all times with full investment authority by the Investment Adviser. The performance information includes performance for the Partnerships. The Partnerships were not registered under the Investment Company Act of 1940 and, therefore, were not subject to certain investment or other restrictions or requirements imposed by the 1940 Act or the Internal Revenue Code. If the Partnerships had been registered under the 1940 Act, the Partnerships' performance might have been adversely affected.

Effective 12/16/2016, the Ultra Short Government Fund revised its principal investment strategies. Prior to that date, the Fund operated as a "government money market fund" and maintained a stable net asset value of $1.00 per share. Performance prior to 12/16/2016 reflects the Fund's prior principal investment strategies and may not be indicative of future performance results.

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.

Effective 03/29/2019, the Hickory Fund invests the majority of its assets in the common stock of medium–sized companies, which the Fund considers to be companies with a market capitalization, at the time of initial purchase, of greater than $1 billion and less than or equal to the market capitalization of the largest company in the Russell Midcap Index. Prior to that date, the Fund invested the majority of its assets in the common stock of smaller– and medium–sized companies, which the Fund considered to be companies with a market capitalization, at the time of initial purchase, of less than $10 billion.

As of 03/31/2020, the following portfolio company constituted a portion of the net assets of Balanced Fund, Hickory Fund, Partners III Opportunity Fund, Partners Value Fund, and Value Fund as follows: Berkshire Hathaway Inc.-Class B: 2.5%, 0%, 11.1%, 7.1%, and 7.4%.

Over time, the Liberty Media family of companies has included a large number of entities, including these current portfolio companies, which as of 03/31/2020, constituted a portion of the net assets of Balanced Fund, Hickory Fund, Partners III Opportunity Fund, Partners Value Fund, and Value Fund as follows:

- Charter Communications, Inc.-Class A: 1.8%, 0%, 0%, 0%, and 0%.
- GCI Liberty, Inc.-Class A: 0%, 4.0%, 0.5%, 0%, and 0%.
- Liberty Braves Group-Series A & C: 0%, 1.3%, 0%, 0%, and 0%.
- Liberty Broadband Corp.-Series A & C: 0%, 9.0%, 5.5%, 6.9%, and 0%.
- Liberty Broadband Corp.-Series C: 0%, 0%, 0%, 0%, and 7.1%.
- Liberty Formula One Group-Series A & C: 0%, 1.2%, 0%, 0%, and 0%.
- Liberty Global plc-Class C: 0%, 3.0%, 4.6%, 3.0%, and 2.0%.
- Liberty Latin America Ltd.-Class C: 0%, 2.8%, 0.7%, 2.4%, and 0%.
- Liberty SiriusXM Group-Series A & C: 0%, 4.3%, 3.6%, 4.4%, and 0%.
- Liberty SiriusXM Group-Series C: 0%, 0%, 0%, 0%, and 2.7%.
- Qurate Retail, Inc.-Series A: 0%, 2.4%, 1.0%, 0%, and 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 Funds before investing. This and other important information is contained in the prospectus and summary prospectus, which may be obtained at weitzinvestments.com.

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