Cautious Optimism in a World of Unknowns

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The stock market roared back in the second quarter, recovering a good part of its first quarter losses. Our stock funds each showed strong gains: Value +19.2%, Partners Value +18.3%, Hickory +18.2%, and Partners III Opportunity +11.4%. After the steep decline in the first quarter, our year-to-date results, like those of the broader market indices, are still modestly in the red, but the second quarter rebound was a welcome reversal.

The bond market stabilized in the second quarter, thanks to massive intervention by the Federal Reserve, and our bond funds bounced back nicely. They also benefited from the bargains bought during the liquidity panic in March. Short Duration rose +3.8% for the quarter, Core Plus +8.5%, and Nebraska Tax-Free +1.8%. Each fund showed positive year-to-date returns.

			ANNUALIZED RETURNS AS OF 06/30/20					
EQUITY	**YTD**	**1 YR**	**5 YR**	**10 YR**	**Since Fund Inception***	**Inception Date**	**Net Expense**	**Gross Expense**
Hickory Fund (WEHIX)	**-14.50%**	**-7.32%**	**1.92%**	**8.07%**	**8.79%**	**4/1/1993***	**1.09%**	**1.27%**
Russell Midcap®	-9.13%	-2.24%	6.76%	12.35%	10.32%			
Partners III Opportunity Fund - Investor (WPOIX)	**-6.82%**	**0.58%**	**3.65%**	**9.18%**	**11.79%**	**8/1/2011**	**2.13%**	**2.13%**
Partners III Opportunity Fund - Institutional (WPOPX)	**-6.59%**	**1.15%**	**4.18%**	**9.58%**	**11.91%**	**6/1/1983***	**1.56%**	**1.56%**
S&P 500®	-3.08%	7.51%	10.73%	13.99%	10.90%			
Russell 3000®	-3.48%	6.53%	10.03%	13.72%	10.66%			
Partners Value Fund - Investor (WPVLX)	**-12.89%**	**-5.06%**	**2.11%**	**8.48%**	**11.06%**	**7/31/2014**	**1.09%**	**1.27%**
Partners Value Fund- Institutional (WPVIX)	**-12.78%**	**-4.82%**	**2.37%**	**8.64%**	**11.10%**	**6/1/1983***	**0.89%**	**1.07%**
S&P 500®	-3.08%	7.51%	10.73%	13.99%	10.90%			
Russell 3000®	-3.48%	6.53%	10.03%	13.72%	10.66%			
Value Fund - Investor (WVALX)	**-3.50%**	**4.37%**	**6.53%**	**11.21%**	**10.10%**	**5/9/1986***	**1.09%**	**1.23%**
Value Fund- Institutional (WVAIX)	**-3.41%**	**4.58%**	**6.77%**	**11.36%**	**10.14%**	**7/31/2014**	**0.89%**	**1.08%**
S&P 500®	-3.08%	7.51%	10.73%	13.99%	10.25%			
Russell 1000®	-2.81%	7.48%	10.47%	13.97%	10.25%			

			ANNUALIZED RETURNS AS OF 06/30/2020					
ALLOCATION	**YTD**	**1 YR**	**5 YR**	**10 YR**	**Since Fund Inception***	**Inception Date**	**Net Expense**	**Gross Expense**
Balanced Fund - Investor (WBALX)	**-0.84%**	**3.57%**	**5.62%**	**7.26%**	**5.59%**	**10/1/2003***	**0.85%**	**1.30%**
Balanced Fund - Institutional (WBAIX)	**-0.74%**	**3.70%**	**5.64%**	**7.27%**	**5.60%**	**3/29/2019**	**0.70%**	**0.97%**
Morningstar Moderately Conservative Target Risk	0.78%	5.74%	5.58%	6.43%	6.01%			

			ANNUALIZED RETURNS AS OF 06/30/2020					
FIXED INCOME	**YTD**	**1 YR**	**5 YR**	**10 YR**	**Since Fund Inception***	**Inception Date**	**Net Expense**	**Gross Expense**
Core Plus Income Fund - Investor (WCPNX)	**5.18%**	**7.41%**	**4.49%**	**N/A**	**4.21%**	**7/31/2014***	**0.50%**	**1.42%**
Core Plus Income Fund- Institutional (WCPBX)	**5.26%**	**7.50%**	**4.69%**	**N/A**	**4.40%**	**7/31/2014***	**0.40%**	**0.96%**
Bloomberg Barclays U.S. Aggregate Bond	6.14%	8.74%	4.30%	N/A	3.99%			
Nebraska Tax-Free Income Fund (WNTFX)	**2.23%**	**3.21%**	**1.71%**	**1.93%**	**4.47%**	**10/1/1985***	**0.45%**	**0.89%**
Bloomberg Barclays 5-Year Municipal Bond	2.18%	3.80%	2.76%	2.91%	N/A			
Short Duration Income Fund - Investor (WSHNX)	**1.51%**	**2.73%**	**2.08%**	**2.05%**	**4.91%**	**12/23/1988**	**0.55%**	**0.92%**
Short Duration Income Fund - Institutional (WEFIX)	**1.57%**	**2.89%**	**2.29%**	**2.24%**	**4.97%**	**12/23/1988***	**0.48%**	**0.63%**
Bloomberg Barclays 1-3 Year U.S. Aggregate	2.68%	4.00%	2.07%	1.62%	N/A			
Ultra Short Government Fund (SAFEX)	**0.95%**	**1.94%**	**1.20%**	**0.61%**	**2.35%**	**8/1/1991***	**0.20%**	**0.61%**
ICE BofAML U.S. 6-Month Treasury Bill	0.93%	2.11%	1.43%	0.82%	2.90%			

*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.

In Tour de France cycling terms, this spring was a "stage" that favored the sprinters. Investors enjoyed flat and downhill terrain, with a tailwind to boot. The more risk one took, the better. Our approach tends to excel in the mountain climbs, the grueling uphill stages that reward endurance over speed. Think of investing as a pursuit with a virtually unlimited number of quarterly stages, each with varied terrain. Our aim cannot be to win each stage, which is neither prudent nor possible. Rather, our goal is to deliver exceptional results for our investors over the full, long race.

For detailed information on moves we made in our portfolios last quarter, we urge shareholders to read the Portfolio Managers' fund commentaries and Tom and Nolan's ***Fixed Income Insights***.

Market Commentary

The financial press is prone to exaggeration, but when it comes to the impact of the current pandemic, much of the hyperbole is warranted. Between the two of us, we have been managing money for a collective 75 years or so. Throughout that time, we have seen a lot, but today's combination of challenges ***is*** different.

The country was not prepared for a healthcare crisis, and the policy response has been uneven, at best. The shutdown was considered necessary for controlling the virus but has been devastating for the economy. Research on treatments and vaccines has proceeded at a record pace, but fully solving the COVID-19 issue is probably years in the future. Fiscal and monetary measures have been massive, but their sustainability and long-term impacts are unknown. Changing attitudes about "togetherness" raise questions about the futures of the travel, hospitality and entertainment industries. Our nation's "crash course" in working and schooling from home will probably have lasting impacts on office real estate, distance education and childcare. The rest of the world is wrestling with the same issues, and there is great uncertainty as to supply chain viability and international trade.

A chart of the S&P 500 might lead one to believe that the world is back to normal. There ***are*** reasons to hope that the lows in economic activity are behind us. Better treatment options and vaccines are coming. Resistance to wearing masks seems to be waning. Testing and tracing should allow us to identify and isolate the infected while the vast majority go back to "normal" life. Our disagreement with the most optimistic case for stocks is in the ***timing***.

A recent resurgence in new COVID cases is a reminder that the recovery is more likely to proceed in fits and starts. Given investors' fixation on developments in the pandemic, we would expect periodic bouts of nervous selling. This is ***not*** a terrible thing – it is normal. But the first half "V-shaped" market recovery may turn out to have been the first leg of a "W" – or perhaps a series of W's.

Game Plan

There are some new challenges to the investment puzzle today, but our philosophy and approach do not change. We invest in stocks as if we were buying whole businesses. Although the economic future is murkier than usual, if we can buy shares in a business for less than an informed buyer would pay for the whole company, we are likely to earn reasonable long-term returns.

> *"There are some new challenges to the investment puzzle today, but our philosophy and approach do not change."*

Financial strength is always important. We look for companies that generate more cash than they need to operate and that use debt financing sparingly. Cyclical businesses and those whose worlds are going to change dramatically post-pandemic are not automatically off our prospect list, but we do not want to base our investment decisions on hope or luck. As we've said before, if the investment thesis begins with "If this company survives the pandemic..." we are not interested.

For many of our portfolio holdings, stock prices are still materially down from their early 2020 highs. However, we were fortunate to have entered this crisis period with few of the obvious victims of the pandemic and recession. Jon Baker, CFA, our equity analyst who follows travel-related companies, was quick to sound the alarm when the virus first broke out in China, and we sold our two online travel companies. We also sold a supplier of airplane parts that would be expected to suffer from a sharp drop in air travel. Other stock sales in the first half of the year were mostly a matter of selling a stock we liked to buy another that we liked better.

We own some wonderful businesses whose stocks have been well-rewarded by investors. Some of these are mega-cap technology companies (Google, Microsoft, Amazon, Mastercard, Visa). Others are well-known providers of crucial products (Danaher, Fortive, Thermo Fisher Scientific, Texas Instruments, Analog Devices, IDEX). These stocks have recovered nicely and cannot be considered "cheap," but we believe they can still generate reasonable returns over time.

We also own some other very good businesses that haven't been receiving as much attention from investors lately, but which we think will serve us well even if recovery takes much longer than people expect. Companies that include broadband providers (Comcast, Liberty Broadband, Liberty Global), financials (Schwab, JPMorgan, Markel), aggregate and cement suppliers for infrastructure (Martin Marietta, Vulcan, Summit), diagnostic medical tests (Laboratory Corp of America), and satellite radio entertainment (Liberty Sirius XM).

Finally, a good word for an old favorite – Berkshire Hathaway (BRK.B). We have owned BRK in our funds continuously since our opening day in 1983. It has been a major contributor over the years and is currently our largest stock position. BRK is down -21.2% so far this year, so it has been a drag on first-half results, but we think BRK was built for times like this and will prove its value (again) before the current crisis is over.

At BRK's virtual annual meeting on May 2, Warren Buffett told shareholders that he had ***not*** been a significant buyer of BRK or other stocks (yet) despite the major decline in the market. He explained that the range of possible outcomes of the pandemic was too wide for him to confidently make bold investment moves. He said that it would take time to understand how fundamental changes in human behavior would affect business values. His take was that recovery would not be immediate and that there would be ample opportunities for him to deploy his cash reserves (over $50 per equivalent Class B share as of 3/31) before the crisis was over.

In our estimation, BRK's business value is at least $230 per B share (28% higher than its current price) and we also think that it will grow at an average rate of at least 7% over the next several years. This is not "moonshot" material, but 7% growth and some narrowing of the discount between stock price and business value should look very good over the next few years.

Outlook

The volatility that has roiled the market in recent months has provided some good buying opportunities. Several of our new holdings are companies we have admired for years and finally had a chance to buy during the first-quarter decline. As always, we continue to evolve the on-deck list of businesses we would love to own (at the right price). The bar for portfolio entry is tougher than ever to clear, and competition for capital is increasingly robust. Credit again to our talented and experienced analyst team for their hard work on behalf of our investors.

"The world is a complicated place and there are lots of issues besides viruses to deal with, but from an investing perspective, we feel good about the future."

We are optimistic that the country will solve its COVID crisis with a combination of science and sensible public policy, but it will probably take longer than investors expect. In the meantime, we are positioned to withstand further volatility and, hopefully, take advantage of opportunities that arise in periods of financial commotion. The world is a complicated place and there are lots of issues besides viruses to deal with, but from an investing perspective, we feel good about the future.

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 06/30/2020, 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:

- Alphabet Inc.-Class C (Google parent company): 2.0%, 0.0%, 6.4%, 6.0%, and 7.4%.
- Amazon.com, Inc.: 0.0%, 0.0%, 3.6%, 0.0%, and 3.2%.
- Analog Devices, Inc.: 1.4%, 0.0%, 0.0%, 0.0%, and 4.0%.
- Berkshire Hathaway Inc.-Class B: 2.0%, 0.0%, 11.5%, 6.4%, and 6.2%.
- Comcast Corp.-Class A: 1.1%, 0.0%, 0.0%, 0.0%, and 2.9%.
- Danaher Corp.: 1.7%, 0.0%, 0.0%, 0.0%, and 4.3%.
- Fortive Corp.: 1.1%, 0.0%, 0.0%, 0.0%, and 0.0%.
- IDEX Corp.: 1.1%, 1.6%, 0.0%, 1.5%, and 0.0%.
- JPMorgan Chase & Co.: 1.3%, 0.0%, 0.0%, 0.0%, and 3.0%.
- Laboratory Corp. of America Holdings: 1.6%, 4.5%, 3.8%, 4.4%, and 3.3%.
- Liberty Broadband Corp.-Class A & C: 0.0%, 7.1%, 5.6%, 5.8%, and 0.0%.
- Liberty Broadband Corp.-Class C: 0.0%, 0.0%, 0.0%, 0.0%, and 5.9%.
- Liberty Global plc-Class C: 0.0%, 3.7%, 4.2%, 3.6%, and 0.0%.
- Liberty SiriusXM Group-Series A & C: 0.0%, 4.5%, 4.2%, 4.4%, and 0.0%.
- Liberty SiriusXM Group-Series C: 0.0%, 0.0%, 0.0%, 0.0%, and 2.6%.
- Markel Corp.: 1.2%, 2.9%, 5.6%, 3.1%, and 0.0%.
- Martin Marietta Materials, Inc.: 1.0%, 2.2%, 0.0%, 2.0%, and 0.0%.
- Mastercard Inc.-Class A: 1.7%, 0.0 %, 5.3%, 3.7%, and 4.1%.
- Microsoft Corp.: 2.3%, 0.0%, 0.0%, 0.0%, and 0.0%.
- Summit Materials, Inc.-Class A: 0.0%, 2.9%, 2.4%, 2.2%, and 0.0%.
- Texas Instruments, Inc.: 1.0%, 0.0%, 3.4%, 2.9%, and 0.0%.
- The Charles Schwab Corp.: 1.6%, 0.0%, 2.5%, 3.1%, and 3.5%.
- Thermo Fisher Scientific Inc.: 2.3%, 0.0%, 0.0%, 0.0%, and 4.7%.
- Visa Inc.-Class A: 1.8%, 0.0%, 5.1%, 4.4%, and 4.3%.
- Vulcan Materials Co.: 1.7%, 2.0%, 1.0%, 3.5 %, and 3.6%.

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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