2Q 2022

BALANCED FUND

Portfolio Managers: Brad Hinton, CFA & Nolan Anderson
Investment Style: Conservative Allocation

Weitz | INVESTMENT MANAGEMENT

The Balanced Fund's Institutional Class returned -7.63% for the second quarter compared to -9.10% for the Morningstar Moderately Conservative Target Risk Index. Year-to-date, the Fund's Institutional Class has returned -11.10% compared to -13.96% for the index.

Over a 10-year period, the Fund's Institutional Class has returned +6.13% annualized compared to +4.77% for the index. With that longer-term lens, total returns well above inflation have helped our investors retain and build wealth.

It has been a rough six months for stock and bond investors. Stubbornly persistent inflation at 40-year highs is a serious issue. The Federal Reserve has taken increasingly aggressive monetary policy steps to try to tamp it down. To date, the Fed has raised short-term interest rates three times, in larger increments than they have used in over 20 years. More rate hikes are on the horizon, and investors are concerned that the Fed won't stop until we have a recession. With this backdrop, prices for stocks and other risk assets continued to decline.

Bond markets also endured another difficult quarter as yields again rose across the maturity spectrum (as yields rise, bond prices fall). Spreads also widened, contributing to steeper declines in investment-grade and high-yield corporate bonds. Here are some quarterly and year-to-date results for context.

FIXED INCOME INSIGHTS:

Clouds With Silver Linings

Stock and bond prices are falling, inflation has gone from bad to worse, and the Fed is raising rates at its fastest pace in years. While the fixed income marketplace remains challenging, there is a silver lining that should have fixed income investors feeling optimistic

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Q2 2022 | Fixed Income Returns, Bloomberg Indexes as of 06.30.2022

	Q2 Return (%)	YTD Return (%)
US Aggregate Bond	-4.63	-10.35
US Corporate Investment Grade Bond	-7.16	-14.39
US Corporate High Yield Bond	-9.78	-14.19
US Treasury: 20+ Year Index	-12.67	-22.29

We take the Fund's capital preservation objective seriously, so we never enjoy reporting negative returns. With few places to hide, losing less (at least for now) has been the more realistic, achievable short-term goal. For the quarter, the Fund's stocks performed a bit better than the broad indexes. But our real relative edge was in fixed income, where our returns have looked nothing like the table above. The Fund's short-maturity collection of bonds has fared much better, posting modest negative returns for both periods. Encouragingly, we can finally reinvest principal and interest cash flows at higher yields.

Berkshire Hathaway, Alphabet, and Vulcan Materials were the Fund's largest quarterly detractors. The price declines largely reflected growing recession fears. Investors worried about the outlook for digital advertising (Alphabet), economically sensitive construction aggregates (Vulcan), and a bellwether for the U.S. economy (Berkshire Hathaway). The story was similar at a raft of other companies whose stocks declined more than 10% during the quarter. While we may see some earnings resets, stocks are forward-looking and no longer reflect "blue sky" outlooks at these prices. The Fund had no positive equity contributors for the quarter.

Markel was the Fund's only positive year-to-date contributor, with a single-digit return. Vulcan Materials, Microsoft, and Alphabet were the largest year-to-date equity detractors; however, the Fund's worst performing first-half investment was the Qurate Retail 8% preferred shares. The video and digital e-commerce retailer has stumbled with a series of execution missteps, and management's turnaround plan will take time and investment. Interest rates are higher, market spreads are wider, and self-inflicted wounds have landed the company in the penalty box — the Qurate preferred deserves to trade at a discount to par. Still, we think the recent markdown into the $50's was too extreme. The security trades at a high-teens yield-to-maturity, with discount recapture upside depending on the pace of progress. To be clear, the Qurate preferred is a deeper value investment than our traditional fare, with higher risks and commensurate potential rewards.

During the quarter, we sold the Fund's AutoZone holdings at a substantial profit as the stock traded above our value estimate. Equity analyst Jon Baker made an outstanding buy recommendation back in late 2020, and the stock nearly doubled since then. AutoZone's management team has done a terrific job, the business is humming, and the stock has clear momentum in this economic and market environment. While selling a winner with positive trends is not especially comfortable, our discipline drove the decision. To echo AutoZone's famous jingle, we would gladly "Get in the Zone" again at the right price.

As stocks drifted into bear market territory, we added to a string of existing holdings to maintain the Fund's equity weighting in the low 40's. The most notable examples were Analog Devices, Danaher, JPMorgan Chase, Martin Marietta Materials, Microsoft, and S&P Global. As interest rates rose, we gradually increased duration by adding small layers of 3-year to 5-year Treasuries. We also continued sprinkling in small individual positions in asset-backed debt, with a heavy focus on sponsor quality and structural protection. Our overall fixed income positioning remained quite defensive, with high average credit quality (more than 95% investment-grade) and a duration of less than 2 years. The Fund's credit exposure is low, so we have abundant capital to deploy if economic conditions deteriorate.

The Fund's portfolio continues to evolve with market conditions. We own common equity stakes in 29 companies totaling 41.7% of net assets. High-yielding, hybrid securities represent another 2.0% of the Fund. Fixed income holdings include investment-grade corporate bonds (1.3%), securitized debt (12.7%), Treasury securities (35.6%), and cash equivalents (6.7%). We have plenty of capacity to lean into new opportunities as our team uncovers them.

We think the Fund is increasingly well-positioned to provide long-term capital appreciation and capital preservation. The current income outlook also improved with the increase in interest rates. As always, we encourage investors to evaluate the strategy on a total-return basis over longer time horizons.

VALUE MATTERS:
Certain Uncertainty

After a rough first half of the year for stocks and bonds, the world continues to face questions related to inflation, interest rates, and earnings — wars, pandemics, and politics. And while uncertainty is a permanent condition for investors, the important thing is to own quality businesses with competent management teams that can cope with change and adversity.

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Top Relative Contributors and Detractors

TOP CONTRIBUTORS (%)

	Return	Average Weight	Contribution	% of Net Assets
There were no securities that provided a positive contribution for this period.				

TOP DETRACTORS (%)

	Return	Average Weight	Contribution	% of Net Assets
Berkshire Hathaway, Inc.	-22.64	2.33	-0.58	2.1
Alphabet, Inc.	-21.68	2.01	-0.48	1.9
Vulcan Materials Co.	-22.46	1.80	-0.44	1.7
Microsoft Corp.	-16.42	2.25	-0.37	2.3
Aon plc	-17.02	1.99	-0.36	2.0

Data is for the quarter ending 06/30/2022. Holdings are subject to change and may not be representative of the Fund's current or future investments. Contributions to performance are based on actual daily holdings. Returns shown are the actual returns for the specified period of the security. Additional securities referenced herein as a percent of the Fund's net assets as of 06/30/2022: Analog Devices, Inc. 2.0%, AutoZone, Inc. 0.0%, Danaher Corp. 2.1%, JPMorgan Chase & Co. 1.0%, Markel Corp. 1.9%, Martin Marietta Materials, Inc. 1.4%, Qurate Retail, Inc. — Preferred 1.1%, and S&P Global, Inc. 1.3%.

RETURNS (%)

	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS					Since Inception		
	QTR	YTD	1-YR	3-YR	5-YR	10-YR	15-YR	(10/1/2003)	Net Expense	Gross Expense
WBAIX Institutional Class	-7.63	-11.10	-6.64	4.46	5.70	6.13	4.62	5.52	0.70	0.82
WBALX Investor Class	-7.67	-11.19	-6.80	4.29	5.61	6.08	4.58	5.50	0.85	1.01
Morningstar Mod Conservative Target Risk Index	-9.10	-13.96	-12.35	2.41	3.82	4.77	4.54	5.44	-	-

Data is for the quarter ending 06/30/2022. 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 07/20/2022, 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. 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 07/31/2023.

The Net Expense Ratio reflects the total annual 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 Institutional Class shares before their inception is derived from the historical performance of the Investor Class shares and has 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 **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 **Bloomberg U.S. Investment Grade Corporate Bond Index** measures the investment-grade, fixed-rate, taxable corporate bond market. The **Bloomberg U.S. Treasury: 20+ Year Index** measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with 20+ years to maturity. The **Bloomberg U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

Credit ratings are assigned to underlying securities utilizing ratings from a Nationally Recognized Statistical Rating Organization (NRSRO) such as Moody's and Fitch, or other rating agencies and applying the following hierarchy: security is determined to be Investment Grade if it has been rated at least BBB- by one credit rating agency; once determined to be Investment Grade (BBB- and above) or Non-Investment Grade (BB+ and below) where multiple ratings are available, the lowest rating is assigned. Mortgage-related securities issued and guaranteed by government-sponsored agencies such as Fannie Mae and Freddie Mac are generally not rated by rating agencies. Securities that are not rated do not necessarily indicate low quality. Ratings are shown in the Fitch scale (e.g., AAA). Ratings and portfolio credit quality may change over time. The Fund itself has not been rated by a credit rating agency.

Consider these risks before investing: All investments involve risks, including possible loss of principal. These risks include market risks, such as political, regulatory, economic, social and health risks (including the risks presented by the spread of infectious diseases). In addition, 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. See the Fund's prospectus for a further discussion of risks related to the Fund.

Investors should consider carefully the investment objectives, risks, and charges and expenses of a fund before investing. This and other important information is contained in the prospectus and summary prospectus, which may be obtained at weitzinvestments.com or from a financial advisor. Please read the prospectus carefully before investing.

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