

BALANCED FUND

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

The Balanced Fund's Institutional Class returned +2.48% for the first quarter compared to +3.90% for the Morningstar Moderately Conservative Target Risk Index. For the fiscal year ended March 31, 2023, the Fund's Institutional Class returned -4.01% compared to -5.44% for the index.

Over a 10-year period, the Fund's Institutional Class has returned +5.38% annualized compared to +4.36% for the index. With that longer-term lens, total returns well above inflation (10-year average rate of 2.4%) have helped our investors retain and build wealth.

The first quarter seemed reminiscent of Disney's Space Mountain rollercoaster. Equity markets soared in January, dipped in February, endured abrupt twists and turns through a few harrowing "bank watch" weekends in March, and closed with a gentle glide higher into quarter-end. Through it all, investors may have felt like they too were on a thrill ride in the dark.

On balance, it was an acceptable quarter for the Fund. Solid absolute returns were welcome after a tough year. Risk taking was broadly rewarded, with aggressive growth stocks, longer duration bonds, and credit-sensitive securities leading the way. Our steady "pontoon boat" approach often does not keep pace in racier "speedboat" conditions, and we are comfortable with that trade-off over full market cycles.

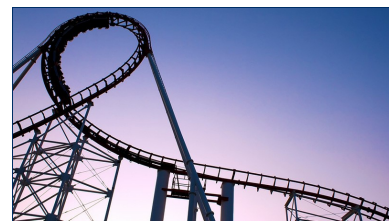
Despite widespread positive returns, conditions — as mentioned — seemed like a rollercoaster ride. The March failures of Silicon Valley Bank and Signature Bank set off a wave of concern across financial markets. While swift action by the Federal Reserve, Federal Deposit Insurance Corporation (FDIC), and Treasury Department ensured that depositors of those institutions would not lose money, confidence was shaken in all but the largest financial institutions. Please see this quarter's "Value Matters" for our take on how the bank failures fit into the bigger picture.

At a minimum, the Fed's inflation-fighting formula just became more complicated — as banks repair their balance sheets, financial conditions will further tighten. Fearful of recession and chastened by 2022's market declines, Wall Street has become even more adamant that the Fed should pause rate hikes now **and** move to cut interest rates later this year. This widely held consensus view is squarely at odds with the Fed's stated intentions, setting up a showdown that will keep things interesting for the foreseeable future. In our view, the case for owning durable, resilient, and adaptable businesses and high-quality bonds has never been stronger.

Analog Devices, Microsoft, Alphabet, and Oracle were the Fund's largest quarterly equity contributors. Business results ranged from "better than feared" to "quite good," fueling double-digit stock returns. The financial and health care sectors lagged during the quarter as banking concerns flared and investors chased stocks with more octane. Charles Schwab was the Fund's largest quarterly detractor, followed by Fidelity National Information Services (FIS), Danaher, and Honeywell.

We sold the Fund's Schwab position in March. Our concerns were primarily related to the depth and length of a potential earnings valley. As the Fed pushed up short-term interest rates, money market funds and Treasury bills provided savers with clear alternatives to banks' ultra-low yielding deposits. Schwab's near-term cost of funding seemed likely to rise materially, one way or the other. Some earnings erosion is reflected in the stock price, but we sold as our view of the risk/reward framework shifted considerably. While our final exit price was well below the highs, Schwab was an exceptional contributor to Fund returns over the past three years.

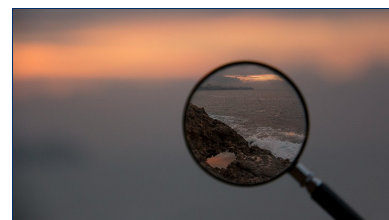
Analog Devices, IDEX, Oracle, Fortive, and Linde were the Fund's largest contributors for the fiscal year. The Fund's industrial stocks held up better than the broader market as the economy remained resilient despite mounting pressures. Liberty Broadband, Alphabet, FIS, and Schwab were the Fund's largest equity detractors for the fiscal year; however, the Qurate 8% preferred security was the Fund's worst performer overall for this period. Qurate's turnaround plan is off to a bumpy start, and we are monitoring developments closely.



FIXED INCOME INSIGHTS: With Uncertainty Now the Norm, Bonds Remain Attractive

A year that began with headlines proclaiming "Bonds are Back" quickly changed course. While the rollercoaster ride in the bond markets may continue, the turbulence could bring about a changing opportunity set for fixed income investors.

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VALUE MATTERS: Staying Focused Through Changing Times

The Fed's ongoing mission to tame inflation, along with high-profile bank failures, have increased fears of a potential recession. But even during tough economic times, investors who remain focused on the long-term may be able to take advantage of new opportunities.

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We added to the Fund's positions in Accenture, Berkshire Hathaway, Diageo, JPMorgan Chase, and FIS during the quarter. Our focus on more prosaic and well-entrenched businesses was intentional given the crosscurrents in the economy and financial markets. We sold the Fund's Redwood Trust equity position after the stock rallied sharply early in the quarter. We still own the company's convertible bonds that mature next year, which in our view offer reasonable value.

As principal payments continued to roll in from the Fund's shorter-dated bonds, we have been able to reinvest at prevailing higher yields. We purchased more 3-year Treasuries, though we arguably were too tentative in adding duration. We also sprinkled in small individual positions in asset-backed debt, with a heavy focus on sponsor quality, structural protection, and straightforward collateral. Other than a modest purchase of bonds issued by Vulcan Materials, we were not active in corporate credit markets during the quarter.

The Fund's fixed income portfolio now yields approximately 5%, with a duration under two years. This profile represents a remarkable improvement from a year ago, and for that matter, an improvement from most of the last decade. These yields are available with high average credit quality (more than 97% investment-grade), offering savers real and welcome alternatives.

The Fund's overall portfolio continues to evolve with market conditions. We own common equity stakes in 27 companies totaling 42.9% of net assets. High-yielding, hybrid securities represent another 1.4% of the Fund. The fixed income portfolio includes investment-grade corporate bonds (1.1%), securitized debt (14.2%), Treasury securities (36.4%), and cash equivalents/other (4.0%). We have plenty of capacity to lean into new opportunities as our team uncovers them.

We think the investing landscape for allocation investors has materially improved. In our view, the Fund is well positioned to deliver long-term capital appreciation. Sustained, higher interest rates have enhanced the current income outlook. And sizeable holdings of short maturity Treasury securities and cash provide healthy ballast with decent yields. As always, we encourage investors to evaluate the strategy on a total-return basis over longer time horizons.

Top Relative Contributors and Detractors

TOP CONTRIBUTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Analog Devices, Inc.	20.79	2.29	0.43	2.5
Microsoft Corp.	20.54	2.19	0.42	2.4
Alphabet, Inc.	17.21	1.63	0.26	1.7
Oracle Corp.	14.08	1.29	0.17	1.4
Accenture plc	7.49	1.16	0.15	1.7

TOP DETRACTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
CHARLES SCHWAB ORD	-34.82	1.13	-0.52	0.0
Fidelity National Information Services, Inc.	-18.89	0.85	-0.15	1.1
Danaher Corp.	-4.94	2.09	-0.11	2.0
Honeywell International, Inc.	-10.34	0.94	-0.10	0.9
Markel Corp.	-3.04	1.87	-0.06	1.8

Data is for the quarter ending 03/31/2023. 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 03/31/2023: Berkshire Hathaway, Inc., 2.6%; Diageo plc, 1.1%; The Walt Disney Company, 0.0%; Fortive Corp., 1.2%; IDEX Corp., 1.3%; JPMorgan Chase & Co., 1.3%; Liberty Broadband Corp., 0.0%; Linde PLC, 1.3%; Qurate Retail, Inc., 0.5%; Redwood Trust, Inc., 0.0%; Signature Bank, 0.0%; SVB Financial Group, 0.0%; Vulcan Materials Co., 1.9%.

RETURNS (%)											
	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS					Since Inception	Net Expense		Gross Expense
	QTR	YTD	1-YR	3-YR	5-YR	10-YR	15-YR	(10/1/2003)			
WBAIX Institutional Class	2.48	2.48	-4.01	7.16	5.59	5.38	6.00	5.51	0.70	0.82	
WBALX Investor Class	2.42	2.42	-4.12	7.01	5.48	5.33	5.96	5.48	0.85	1.01	
Morningstar Mod Conservative Target Risk Index	3.90	3.90	-5.44	5.06	3.77	4.36	4.67	5.44	-	-	

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 04/20/2023, 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.