

Portfolio Managers: Brad Hinton, CFA & Nolan Anderson  
(formerly **Balanced Fund**)

The Conservative Allocation Fund's Institutional Class returned -0.87% for the third quarter compared to -3.03% for the Morningstar Moderately Conservative Target Risk Index. Year-to-date, the Fund's Institutional Class has returned +5.42% compared to +2.33% for the index.

Financial markets took a breather in the third quarter. Despite signs of progress, the Federal Reserve stated clearly that its task of taming inflation was not yet done. Fed Chair Powell outlined a potential path of "higher for longer" interest rates, and bulls got spooked. September lived up to its billing as the cruelest month for equity owners, and the month was also unkind to bond holders. Investor sentiment for most assets continued to wobble as summer gave way to autumn.

Defense was the name of the game, and the Fund held up well in this more challenging environment. The Fund's collection of shorter-maturity bonds generated mildly positive returns, despite higher interest rates across the yield curve. The Fund's stocks also delivered solid relative results, declining less than the broad equity indices.

As we have said for some time, the Fed's forceful actions to contain inflation are likely to have both intended **and** unintended consequences. The ultimate effects of rapid and steep monetary tightening remain to be seen, and the range of potential outcomes seems wide. In our view, the case for owning durable, resilient, adaptable businesses paired with high-quality bonds remains compelling.

We swapped the Fund's Liberty Broadband Corp. (LBRDK) shares back to Charter Communications, Inc., (CHTR) (Charter is by far Liberty Broadband's largest asset), and the combined position was the most notable quarterly contributor. Investor sentiment around broadband's competitive position became less negative, and the stocks rebounded nicely from what we considered oversold levels. Alphabet, Inc., (GOOG) added to its exceptional year-to-date returns, while Market Group, Inc., (MKL) and Comcast Corp. (CMCSA) also contributed to quarterly results.

Vulcan Materials Co. (VMC) and Martin Marietta Materials, Inc., (MLM) were among the Fund's largest quarterly detractors, giving back some of their strong year-to-date gains. Analog Devices, Inc., (ADI), Oracle Corp. (ORCL), and Microsoft Corp. (MSFT) also detracted from results as technology stocks generally fell during the quarter. The underlying businesses are doing fine, and we continue to own all five companies.

Microsoft, Alphabet, Oracle, Berkshire Hathaway, Inc., (BRK/B), and Martin Marietta Materials were the Fund's largest year-to-date contributors. The breadth of contributors continued to be notable, with 16 stocks posting double-digit, year-to-date returns across five different sectors. Charles Schwab Corporation (SCHW) (sold in the first quarter), Diageo plc (DEO US), Danaher Corp. (DHR), and Thermo Fisher Scientific, Inc., (TMO) were the Fund's primary detractors year-to-date. We have continued to add to the latter three positions at what we think are increasingly attractive prices.

We added a new position in Microchip Technology, Inc., (MCHP) to the Fund during the quarter. Microchip is a leading provider of mixed signal microcontrollers and analog semiconductors to a broad range of industrial, data center, automotive, communication and consumer appliance customers. The company enjoys favorable product characteristics that help drive strong profitability, and it benefits from several long-wave demand tailwinds such as electronification, automation, and growth in data communications. While Microchip is not immune from semiconductor cycles, its cash flows have been durable through cycles. The multi-year outlook is solid, and we think the company is poised to further boost per-share value growth through increasing share repurchases at discounted prices.

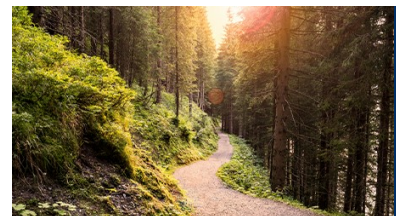
As principal payments continued to roll in from the Fund's shorter-dated bonds, we have been able to reinvest at prevailing higher yields. We sprinkled in small individual positions in mortgage-backed and other asset-backed debt, with a heavy focus on sponsor quality, structural protection, and straightforward collateral. Late in the quarter as rates kept rising, we extended duration modestly by buying a heavier dose of three-to-five-year Treasuries. In line with our conservative approach, we were not active in corporate bonds at relatively tight spread levels during the quarter.



#### **FIXED INCOME INSIGHTS:** **Where are We Now?**

*An uncertain path for interest rates, questions over economic strength, and a tug-of-war between the Fed and the U.S. government continue to fuel challenges for fixed income investors. In today's environment, the ability to cast a wide net in the bond markets is especially important.*

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#### **VALUE MATTERS:** **Perspective Over Predictions**

*As uncertainty again proves to be a certain condition - we continue to believe companies with competitive advantages, smart and flexible management teams, and solid finances will always find ways to move forward, build business value, and earn higher stock prices.*

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The Fund's overall portfolio continues to evolve with market conditions. We own common equity stakes in 28 companies totaling 43.3% of net assets. High-yielding, hybrid securities account for another 1.3% of the Fund. The fixed income portfolio includes securitized debt (13.3%), investment-grade corporate bonds (0.8%), Treasury securities (39.0%), and cash equivalents/other (2.3%). We have room to invest in new opportunities as our team uncovers them.

We think the investing landscape for allocation investors has materially improved. In our view, the Fund's securities offer adequate long-term capital appreciation potential. Sustained, higher interest rates have enhanced the current income outlook. And sizeable holdings of short maturity Treasury securities and cash provide healthy ballast with respectable 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
Alphabet, Inc.	8.99	1.78	0.15	1.8
LIBERTY BROADBAND SRS C ORD	13.52	0.60	0.14	0.0
Markel Group, Inc.	6.42	1.76	0.12	1.5
Comcast Corp.	7.44	1.12	0.08	1.2
Berkshire Hathaway, Inc.	2.73	2.84	0.07	2.8

TOP DETRACTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Analog Devices, Inc.	-9.69	2.20	-0.22	2.1
Martin Marietta Materials, Inc.	-10.93	1.93	-0.22	1.8
Vulcan Materials Co.	-10.21	2.00	-0.21	1.8
Oracle Corp.	-10.75	1.60	-0.17	1.4
Microsoft Corp.	-7.09	2.28	-0.16	2.2

Data is for the quarter ending 9/30/2023. 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 9/30/2023: Charter Communications, Inc., 1.0%; Danaher Corp., 2.4%; Diageo plc, 1.0%; Microchip Technology, Inc., 1.1%; The Charles Schwab Corporation, 0.0%; and Thermo Fisher Scientific, Inc., 2.0%.

RETURNS (%)											
	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS					Since Inception	Net Expense		Gross Expense
	QTR	YTD	1-YR	3-YR	5-YR	10-YR	20-YR	(10/1/2003)			
<b>WBAIX</b> Institutional Class	-0.87	5.42	10.95	4.06	5.36	5.25	5.52	5.52	0.70	0.79	
<b>WBALX</b> Investor Class	-0.87	5.27	10.78	3.91	5.23	5.19	5.49	5.49	0.85	0.99	
Morningstar Mod Conservative Target Risk Index	-3.03	2.33	8.22	0.15	3.00	3.97	5.22	5.22	-	-	

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 10/20/2023, 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](http://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 07/31/2024.

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](http://weitzinvestments.com) or from a financial advisor. Please read the prospectus carefully before investing.**

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