

CONSERVATIVE ALLOCATION FUND

Portfolio Managers: Brad Hinton, CFA® & Nolan Anderson

The Conservative Allocation Fund's Institutional Class returned +4.75% for the fourth quarter compared to +8.37% for the Morningstar Moderately Conservative Target Risk Index. For the calendar year, the Fund's Institutional Class returned +10.44% compared to +10.89% for the index.

Financial markets ripped higher in the fourth quarter, boosting the Fund's returns for the year into the double digits. Strong absolute returns are always welcome. The economy remained resilient, inflation readings eased, and the Fed's tone turned markedly more dovish. Investors celebrated the idea of an economic soft landing as they anticipated and priced in a quick pivot in interest rate policy. While it wasn't exactly 1999 all over again, some riskier assets sure partied like it.

The "sudden change" in market conditions upended the Fund's relative results, shifting the full-year narrative from one that was shaping up to be truly exceptional to just average. When pundits talk incessantly about an "everything rally," it is highly likely that the Fund will not keep pace. Such was the case in the fourth quarter, and we tip our caps to the more assertive risk takers.

We'd argue that one key ingredient to the Fund's longer-term track record has been our consistent resolve not to chase returns during ultra-hot markets. We've often described the Fund as a sturdy pontoon boat rather than a racy speedboat, and sometimes that means we'll get left in others' wakes in the short term. Fortunately, our approach has stood the test of time. While we can always improve our execution, strategically investors can expect us to stay in our more conservative lane.

Microsoft Corp. (MSFT), Martin Marietta Materials, Inc. (MLM), Analog Devices, Inc. (ADI), S&P Global, Inc. (SPGI), and Accenture plc (ACN) were the Fund's strongest quarterly contributors. All five have been exceptional long-term holdings, and we think their outlooks remain bright. Aon plc (AON) and Charter Communications, Inc. (CHTR) were the Fund's primary quarterly detractors. Aon announced a large, middle-market acquisition that spooked investors due to its rich price tag, while Charter previewed softer-than-expected fourth quarter broadband subscriber net additions. Our investment thesis for each remained intact. Other modest detractors included Markel Group, Inc. (MKL), Diageo plc (DEO US), and Fortive Corp (FTV).

Microsoft, Alphabet, Inc. (GOOG), and Accenture were among the Fund's largest contributors for the year, along with aggregates companies Martin Marietta Materials and Vulcan Materials Co. (VMC). Contribution breadth continued to be notable, with 20 stocks posting double-digit annual returns across six different sectors. Charles Schwab Corporation (SCHW) (sold in the first quarter), Diageo, Charter Communications, IDEX Corp. (IEX), and Thermo Fisher, Inc. (TMO) were the Fund's primary annual detractors.

We added a new position in Veralto Corp. (VLTO) to the Fund during the quarter. The company is the latest spin-off from long-time holding Danaher Corp. (DHR). Veralto enjoys strong market positions and enviable economics in its water quality and product identification businesses. We see a clear path to modest organic growth, operating margin expansion, and value-creating capital deployment. While the stock doesn't scream cheap on the surface, we think Veralto could evolve into a real gem.

Bond yields are down from their highs but remain healthy heading into 2024. During the quarter, we continued to sprinkle in small individual positions in asset-backed debt, with a heavy focus on sponsor quality, structural protection, and straightforward collateral. As interest rates kept rising into October, we also purchased Treasury notes with 5-year to 6-year maturities. While our instincts were solid, we simply should have bought even more. Easy to say with hindsight, but tactically we may have left a little "wheelhouse" return on the table.

The Fund's overall portfolio continues to evolve with market conditions. We own common equity stakes in 29 companies totaling 45.8% of net assets. High-yielding, hybrid securities account for another 1.4% of the Fund. The fixed income portfolio includes securitized debt (14.3%), investment-grade corporate bonds (0.8%), Treasury securities (35.8%), and cash equivalents/other (1.9%). We have room to invest in new opportunities as our team uncovers them.

We think the investing landscape for allocation investors is well balanced. In our view, the Fund's securities offer adequate long-term capital appreciation potential. High-quality bonds yielding well above 4% 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.



FIXED INCOME INSIGHTS: Bonds Are Back, Redux

With memories of "zero interest-rate policy" still fresh in fixed income investors' minds - we believe a return to an environment in which rates are less manipulated by central banks could prove beneficial to investors.

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VALUE MATTERS: "Avoid Crazy" and Stay Focused

In a market environment that could be unsettled by changes in monetary policy, wars overseas, and a high-stakes election - investors may want to heed the advice of Charlie Munger to "avoid crazy" and remain focused on the long term.

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Top Relative Contributors and Detractors

TOP CONTRIBUTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Microsoft Corp.	19.34	2.32	0.43	2.6
Martin Marietta Materials, Inc.	21.69	1.86	0.38	2.0
Analog Devices, Inc.	13.94	2.02	0.27	2.2
S&P Global, Inc.	20.81	1.29	0.25	1.5
Accenture plc	14.71	1.69	0.24	1.9

TOP DETRACTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Aon plc	-10.07	1.96	-0.19	1.8
Charter Communications, Inc.	-11.63	0.89	-0.12	0.9
Markel Group, Inc.	-3.57	1.40	-0.06	1.5
DIAGEO ADR REP 4 ORD	-2.41	1.00	-0.02	0.0
Fortive Corp.	-0.61	1.07	-0.02	1.1

Data is for the quarter ending 12/31/2023. 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 12/31/2023: Alphabet, Inc., 1.4%; Danaher Corp., 2.2%; IDEX Corp., 1.2%; The Charles Schwab Corporation, 0.0%; Thermo Fisher Scientific, Inc., 2.1%; Vulcan Materials Co., 2.1%; and Veralto Corp., 1.2%.

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)		
WBAIX Institutional Class	4.75	10.44	10.44	4.09	7.59	5.33	5.57	5.69	0.70	0.79
WBALX Investor Class	4.75	10.27	10.27	3.94	7.45	5.26	5.54	5.66	0.85	0.99
Morningstar Mod Conservative Target Risk Index	8.37	10.89	10.89	0.53	5.55	4.50	5.34	5.57	-	-

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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 07/31/2024.

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. 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.

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