

# CONSERVATIVE ALLOCATION FUND

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

The Conservative Allocation Fund's Institutional Class returned +4.22% for the first quarter compared to +2.52% for the Morningstar Moderately Conservative Target Risk Index. For the one-year period ended March 31, 2024, the Fund's Institutional Class returned +12.32% compared to +9.42% for the index.

The stock market rally powered ahead in the first quarter, adding an exclamation point to the Fund's strong one-year results. Interest rates generally rose during the quarter, providing a mild headwind to fixed income returns. The Fund's bonds still delivered modest positive contributions across sectors, thanks largely to heftier coupon income.

Rock and gravel producers Martin Marietta Materials, Inc. (MLM) and Vulcan Materials Company (VMC) were both top contributors for the quarter. Public infrastructure business remained strong, while pricing and margin expansion have been exceptional. Berkshire Hathaway, Inc. (BRK/B), Aon PLC (AON) and Oracle Corporation (ORCL) also delivered solid, double-digit quarterly returns.

Charter Communications, Inc. (CHTR) was the notable weak link during the quarter, though the Fund's small position size helped to mitigate the negative impact. Charter's stock fell sharply as the company reported worse-than-expected broadband subscriber losses, introduced multi-year capital spending plans that were higher than anticipated, and disclosed that five million customers participated in a federal subsidy program that would not be funded beyond April. Other quarterly detractors included Laboratory Corporation of America Holdings (LH), S&P Global, Inc. (SPGI), Honeywell International, Inc. (HON) and Comcast Corp. (CMCSA).

Martin Marietta and Vulcan were also among the Fund's top contributors for the one-year period, along with Microsoft Corporation (MSFT), Berkshire Hathaway and JPMorgan Chase & Co. (JPM) as mega-cap stocks dominated yet again. Contribution breadth continued to be notable, with 15 stocks across five sectors posting returns above 20% for the past year. Charter, Diageo PLC (DEO), and Texas Instruments, Inc. (TXN) were the Fund's only material detractors for the past 12 months.

As the "risk-on" party raged, we dialed back exposure at the margin. We sold the Fund's Qurate Retail, Inc. preferred (QRTEP) position as the security price rebounded into the \$40s. While we collected a nice dividend stream for several years, the investment was a mistake. Howard Marks eloquently described risk control as "declining to take risks that (a) exceed the quantum of risk you want to live with and/or (b) you wouldn't be well rewarded for bearing." As the Qurate turnaround story unfolded, part (a) became a clear affirmative for this more conservative strategy. So, we sold it and moved on.

We modestly trimmed several of the Fund's biggest winners, including all five stocks on the one-year contributor leaderboard. We also exited the Fund's Markel Group, Inc. (MKL) position due to their uneven execution and our shifting conviction. Markel delivered acceptable absolute returns, though relative results did not meet our expectations. Equity purchases were very limited during the quarter.

Bond yields were down from their autumn highs but remained healthy. During the quarter, we were most active in current coupon agency and jumbo mortgage-backed securities (MBS), which in our view offered reasonable option-adjusted spreads. We also continued to layer in small individual positions in asset-backed debt, with a heavy focus on sponsor quality, structural protection, and straightforward collateral. As interest rates floated back up, we purchased Treasury notes with roughly 3.5-year maturities. At higher rates, we would be willing to re-extend the Fund's buying to slightly longer maturities.

The Fund's overall portfolio continues to evolve with market conditions. We own common equity stakes in 28 companies totaling 43.9% of net assets. High-yielding, hybrid securities account for another 0.8% of the Fund. The fixed income portfolio includes securitized debt (14.3%), investment-grade corporate bonds (0.7%), Treasury securities (32.8%), and cash equivalents/other (7.5%). We have ample resources to invest heavily 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: Great Expectations

*In a fixed income environment defined by volatility and uncertainty, we continue to approach the bond markets with a wide net and aim to take advantage of the best risk-adjusted opportunities wherever we can find them.*

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## VALUE MATTERS: Getting Around the Bases

*In a landscape fraught with dramatic headlines, uncertainty, and high-flying tech stocks driven by quickly evolving AI technology, many investors have become uneasy. In spite of the noise, we remain focused on delivering robust risk-adjusted returns while safely getting around the bases.*

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**Top Relative Contributors and Detractors**

TOP CONTRIBUTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Martin Marietta Materials, Inc.	23.02	2.04	0.45	1.9
Berkshire Hathaway, Inc.	17.84	2.61	0.45	2.7
Vulcan Materials Co.	20.40	2.05	0.41	2.0
Aon plc	14.89	1.99	0.29	2.1
Oracle Corp.	19.56	1.50	0.27	1.6

TOP DETRACTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Charter Communications, Inc.	-25.31	0.91	-0.28	0.8
Laboratory Corp. of America Holdings	-3.56	1.46	-0.06	1.4
S&P Global, Inc.	-3.22	1.44	-0.05	1.4
Honeywell International, Inc.	-1.59	0.84	-0.02	0.9
Comcast Corp.	-0.49	1.05	-0.01	1.0

Data is for the quarter ending 3/31/2024. 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 3/31/2024: Diageo plc, 1.5%; JPMorgan Chase & Co., 1.5%; Markel Group, Inc., 0.0%; Microsoft Corp., 1.8%; Oracle Corp., 1.6%; Qurate Retail, Inc. — preferred, 0.0%; and Texas Instruments, Inc., 0.8%.

RETURNS (%)										
	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS					Since Fund Inception		
	QTR	YTD	1-YR	3-YR	5-YR	10-YR	20-YR	(10/1/2003)	Net Expense	Gross Expense
<b>WBAIX</b> Institutional Class	4.22	4.22	12.32	4.27	6.79	5.62	5.71	5.84	0.70	0.79
<b>WBALX</b> Investor Class	4.11	4.11	12.09	4.11	6.63	5.54	5.67	5.80	0.85	0.99
Morningstar Mod Conservative Target Risk Index	2.52	2.52	9.42	1.26	4.70	4.56	5.32	5.63	-	-

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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](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 of 03/29/2019 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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