1Q 2022

CORE PLUS INCOME FUND

Portfolio Managers: Tom Carney, CFA & Nolan Anderson
Investment Style: Intermediate-Term Bond

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The Core Plus Income Fund's Institutional Class returned -4.01% for the first quarter compared to a -5.93% return for the Bloomberg U.S. Aggregate Bond Index. For the fiscal year ended March 31, 2022, the Fund's Institutional Class returned -1.67% compared to -4.15% for the index. Negative absolute results (unrealized mark-to-market declines) are never pleasant to report despite solid relative results. Longer-term results (3-, 5-, and 7-year) continue to outpace the index.

Inflationary pressures, which have been building for the past 12 months, showed no signs of abating in the first quarter. These pressures precipitated a large upward move in interest rates during the first quarter, particularly in short-term rates. For example, the Consumer Price Index (CPI) release in February showed prices increasing at an annualized reading of 7.9%. This resulted in an historic move upward in the 2-year Treasury rate, marking the biggest "shock" since October 1979, as measured by standard deviation of daily moves. The shock in 1979 happened to occur when then Fed Chairman Paul Volcker announced to the world a new policy framework to combat the inflation of the 1970s/early 1980s. Today's board members at the Federal Reserve, which controls short-term interest rates by means of the Federal Funds Rate, had long dubbed the current inflation environment as "transitory" (not permanent). However, those same members now appear resolved to adjust monetary policy by raising short-term interest rates (possibly at each Fed meeting in 2022) and by slowly shrinking the Fed's sizable balance sheet of approximately $9 trillion.

The repricing of interest rates, while unpleasant, has set the stage for more favorable forward returns. This can be seen in the Fund's improved yield-to-worst (YTW) metric. As a reminder, YTW has historically been a reasonable predictor of forward returns. The Fund's YTW increased from 2.12% at year-end to 3.32% on March 31, 2022 - comparing favorable to the index's YTW of 2.90% at March 31.

Portfolio Positioning

The table below shows how we have allocated capital to various sectors over the past quarter and year. Since our goal is to invest in sectors that we believe offer the best risk-adjusted returns, our allocations may change significantly over time.

SECTOR ALLOCATION (% of Net Assets)

	03/31/2022	12/31/2021	Qtr Over Qtr Change	03/31/2021	Yr Over Yr Change
Corporate Bonds	22.9	28.5	-5.6	33.4	-10.5
Corporate Convertible Bonds	0.6	0.6	0.0	1.2	-0.6
Asset-Backed Securities (ABS)	21.3	21.5	-0.2	25.5	-4.2
*Corporate Collateralized Loan Obligations (CLOs)**	*10.4*	*10.4*	*0.0*	*6.9*	*3.5*
Commercial Mortgage-Backed Securities (CMBS)	10.9	9.1	1.8	8.1	2.8
Agency Mortgage-Backed (MBS)	1.2	1.4	-0.2	0.5	0.7
Non-Agency Mortgage Backed (RMBS)	0.6	0.6	0.0	0.8	-0.2
Non-Convertible Preferred Stock	0.7	0.6	0.1	1.3	-0.6
Taxable Municipal Bonds	0.6	0.6	0.0	0.0	0.6
U.S. Treasury	37.0	32.1	4.9	20.7	16.3
Common Stock	0.0	0.0	0.0	0.2	-0.2
Cash & Equivalents	4.2	5.0	-0.8	8.3	-4.1
Total	100.0	100.0		100.0	
High Yield**	12.9	13.5	-0.6	16.8	-3.9
Average effective duration (years)	4.8	4.5	0.3	4.5	0.3
Average effective maturity (years)	7.3	6.4	0.9	6.3	1.0

*Corporate CLOs are included in the ABS segment in the Fund's schedule of investments but are additionally called out separately for the purposes of the discussion.
**High-Yield exposure (as of 03/31/2022) consists of investments in the Corporate, Corporate Convertible, ABS, and CMBS sectors.
Totals may be greater or less than 100% due to rounding.

The largest shifts in sector allocation during the quarter were an increase in U.S. Treasuries (+4.9%) and a decrease in corporate bonds (-5.6%). Our Treasury portfolio is well diversified with a broad range of maturities spanning 1-30 years. While real yields remain deeply negative, U.S. Treasuries can provide important liquidity and diversification benefits for our portfolio. Over our 7+ years managing the Fund, we have been willing to hold large amounts of Treasuries, particularly when we believe the risk/reward in credit markets skews negative like it does today. Our corporate bond portfolio continued to shrink as we found fewer qualifying investments and saw better relative value in securitized products.

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In terms of overall portfolio metrics, average effective maturity increased to 7.3 years as of March 31, 2022, from 6.4 years as of December 31, 2021, and the average effective duration increased to 4.8 years from 4.5 years over the same timeframe. These measures provide a guide to the Fund's interest rate sensitivity. A higher average effective maturity and longer average effective duration increase the Fund's price sensitivity to changes in interest rates (either up or down).

Another portfolio attribute to re-highlight is the Fund's investments in floating-rate securities (mainly middle-market CLOs and CRE CLOs). As of March 31, 2022, nearly 22% of Fund assets are represented by floating-rate securities. We don't invest based on any wager that the Fed will raise short-term interest rates – as each investment is vetted based on its individual merits (relative risk/reward) and the expected future nominal return contributions each can make to the Fund. However, we believe the Fund's exposure to floating rate investments will provide coupon income upside now that the Fed has decided to move away from its zero interest-rate policy (ZIRP) and has begun to raise (potentially meaningfully) short-term interest rates.

As of March 31, 2022, our high-yield exposure as a percent of net assets was 12.9%, down from 13.5% on December 31, 2021.

WEITZ INVESTMENT INSIGHTS
FIXED INCOME INSIGHTS:
Navigating Turbulent Times

Fixed income investors are navigating skyrocketing inflation, a surge in volatility, and the start of what could be the fastest rate-hiking cycle in decades. With multiple rate increases already priced into the market, we break down how we are reinvesting cash flows at higher base rates while continuing to move forward with patience and flexibility to take advantage of new credit opportunities.

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Top Quarterly Contributors

- **Commercial real estate and middle-market corporate CLOs:** The Fund's diversified portfolio of CLOs provided modest positive returns during the first quarter. We would expect this segment to provide income upside as the underlying floating rate loans are, on a quarterly or monthly basis, reset higher due to the Fed's likely actions to continue raising short-term interest rates.

Top Quarterly Detractors

- **U.S. Treasury Bonds:** Our U.S. Treasury holdings were the largest detractor to performance during the first quarter. With an effective maturity of approximately 10 years, our Treasury portfolio was negatively impacted by rising interest rates across the curve.

- **Corporate Bonds:** Our investments in a wide variety of corporate bonds, including high yield, were the second largest detractor to performance in the quarter.

- **Asset-Backed Securities (ABS):** Our ABS investments across all categories (e.g., auto, consumer, equipment, fleet lease) detracted from performance due to the significant upward shift in short-term interest rates during the first quarter.

Fiscal Year Results

Our U.S. Treasury holdings were the primary detractor to performance during the fiscal year. In addition, asset-backed securities (ABS), agency and non-agency residential mortgage-backed securities (RMBS), and select corporate bonds detracted from performance. Noteworthy positive contributors included the Fund's floating rate segments (middle market and commercial real estate collateralized loan obligations) and select high-yield corporate bond investments.

Fund Strategy

Our approach consists primarily of investing in a diversified portfolio of high-quality bonds while maintaining an overall portfolio average duration of 3.5 to 7 years. We may seek to capture attractive coupon income and potential price appreciation by investing in longer-duration and lower-quality bonds when attractively priced. We may also invest up to 25% in fixed-income securities that are not considered investment-grade (such as high-yield and convertible bonds as well as preferred and convertible preferred stock), and we do so when we perceive the risk/reward characteristics to be favorable.

We do not, and will not, try to mimic any particular index as we construct our portfolio. We believe our flexible mandate and high-conviction portfolio will benefit investors over the long term. We utilize a bottom-up, research-driven approach and select portfolio assets one security at a time based on our view of opportunities in the marketplace. Our fixed income research is not dependent on, but often benefits from, the due diligence work our equity teammates conduct on companies and industries.

Overall, we strive to be adequately compensated for the risks assumed in order to maximize investment (or reinvestment) yield and to avoid making interest rate bets, particularly those that depend on interest rates going down. We have often maintained a lower duration profile than the index, particularly in very low-yield environments. Our shorter duration profile has benefited shareholders in periods of rising interest rates.

Maintaining a diversified portfolio and liquidity reserves is a key element of our risk management approach. As a result, we have not held back from owning U.S. Treasury bonds and, at times like now, ample cash reserves. We believe this approach has served our clients well, particularly in extreme market environments like the pandemic brought upon us in March 2020.

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Average Annual Total Returns (%)

AS OF 03/31/2022

	YTD	1 YR	3 YR	5 YR	7 YR	10 YR	Since Fund Inception	Inception Date	Net Expense	Gross Expense
Core Plus Income Fund - Investor (WCPNX)	-4.03	-1.67	3.98	3.58	3.44	N/A	3.52	07/31/2014	0.50%	0.93%
Core Plus Income Fund - Institutional (WCPBX)	-4.01	-1.67	4.07	3.73	3.62	N/A	3.69	07/31/2014	0.40%	0.59%
Bloomberg U.S. Aggregate Bond	-5.93	-4.15	1.69	2.14	1.87	N/A	2.21	-	-	-

This material must be preceded or accompanied by a **prospectus or summary prospectus**.

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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 07/31/2022 (and in the case of the Core Plus Fund Institutional Class, through 07/31/23).

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.

Index performance is hypothetical and is shown for illustrative purposes only. You cannot invest directly in an index. 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.

Holdings are subject to change and may not be representative of the Fund's current or future investments.

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.

Definitions: Average effective duration provides a measure of a fund's interest-rate sensitivity. The longer a fund's duration, the more sensitive the fund is to shifts in interest rates. **Average effective maturity** is the weighted average of the maturities of a fund's underlying bonds. **CRE CLOs** refer to commercial real estate collateralized loan obligations backed by a pool of commercial loans. **Investment Grade Bonds** are those securities rated at least BBB- by one or more credit ratings agencies. **Middle market CLOs** refer to collateralized loan obligations backed by loans made to smaller companies, which companies generally have earnings before interest, taxes, and amortization of less than $75 million. **Non-Investment Grade Bonds are those securities** (commonly referred to as "high yield" or "junk" bonds) rated BB+ and below by one or more credit ratings agencies. **Yield to worst (YTW)** is the lowest potential yield that can be received on a bond portfolio without the underlying issuers defaulting.

Consider these risks before investing: All investments involve risks, including possible loss of principal. Market risk includes political, regulatory, economic, social and health risks (including the risks presented by the spread of infectious diseases). Changing interest rates may have sudden and unpredictable effects in the markets and on the Fund's investments. The Fund may purchase lower-rated and unrated fixed-income securities, which involve an increased possibility that the issuers of these may not be able to make payments of interest and principal. See the Fund's prospectus for a further discussion of risks.

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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