2Q 2023

CORE PLUS INCOME FUND

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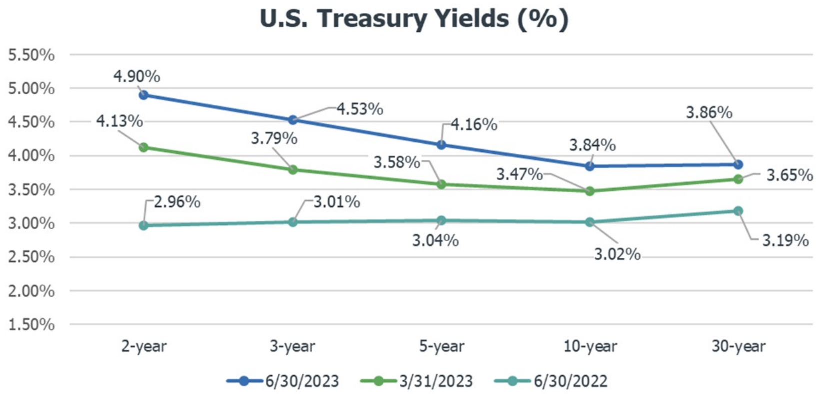
Weitz | INVESTMENT MANAGEMENT

The Core Plus Income Fund's Institutional Class returned +0.30% for the second quarter compared to a -0.84% return for the Bloomberg U.S. Aggregate Bond Index (Agg). Year-to-date, the Fund's Institutional Class returned +3.58% compared to a +2.09% return for the index. Given the increase in yields and continued rate volatility, we are pleased to report positive absolute results for the quarter.

Investors, particularly fixed income, went into the second quarter on high alert for a recession and thinking the Fed could soon be cutting short-term interest rates, or at least pausing its yearlong tightening cycle to combat inflationary pressures. Historically inverted yield curves (difference between 3-month T-bill and 10-year Treasury bonds), tightening lending standards, and dramatic bank collapses had many peering through their investment “telescope.” It was reminiscent of Marvin the Martian of Looney Tune fame exclaiming “Where's the Ka-Boom? There's supposed to be earth shattering Ka-Boom!” The bank failures alone (three of the top five in U.S. history) led many to wonder “who's next?”

However, by quarter-end, no more bank failures emerged, there was still no economic downturn in sight, employment remained strong, and inflation had cooled (although far from the Fed's goal of 2%). Overall, the U.S. economy exhibited resiliency in the second quarter, leading to mostly strong stock market performance and higher U.S Treasury interest rates (graph below) with mostly negative fixed-income returns.



FIXED INCOME INSIGHTS:

Unexpected Resilience

Fixed income investors remain on high alert for a potential recession. And while some cracks have begun to show in the markets, no economic downturn has materialized. No matter what happens, we continue to take a cautious approach and cast a wide net in the fixed income markets.

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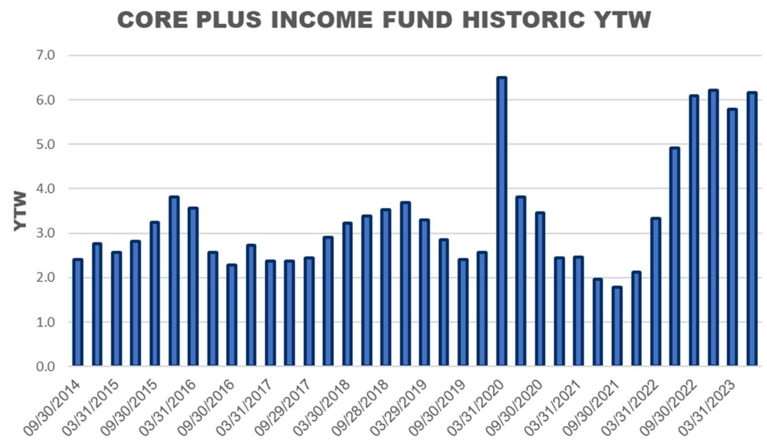
The Federal Reserve delivered its tenth consecutive interest rate hike to the federal funds rate in May — and then paused at its meeting in June, resulting in a 5.00-5.25% target rate at quarter-end. In the minutes released from the June 2023 meeting, the Fed's projections (known as the 'dot plots') showed a year-end 2023 estimate for the funds rate above 5.0%, with two-thirds of the committee members estimating at least 5.50% (and one committee member estimating at 6%).

Given that monetary policy impacts the economy with a lag, market participants continue to believe that the Fed is close to the end of its tightening cycle and may need to begin cutting interest rates by the end of this year, with more meaningful cuts in 2024. While we want to be aware of what the Fed and the market are saying at any given point in time, we understand that these projections/predictions are about as useful as the meteorologist's weather forecast. However, we would not be disappointed to have rates remain at/near current levels as reinvestment opportunities, both nominal (e.g., 2-year Treasuries) and real / after inflation (e.g., 5-year real yield curves), haven't been this compelling in over 15 years.

Over the past year, the Core Plus Income Fund's yield-to-worst (YTW) has notably improved. As a reminder, YTW has historically been a reasonable predictor of forward returns. The Fund's YTW increased from 4.88% on June 30, 2022, to 6.00% on June 30, 2023 — comparing favorably to the index's YTW of 4.81% as of June 30 (see table below). As important, the difference between the Fund's and the index's YTW has widened over the past year, while our duration has increased relative to the Agg.

Yield to Worst / Duration Analysis				
	6/30/22	6/31/23	Change	% Change
Yield to Worst (%)				
Core Plus Income Fund	4.88	**6.00**	1.12	23.0%
U.S. Agg Index	3.72	**4.81**	1.09	29.3%
Average Duration (yrs)				
Core Plus Income Fund	5.2	**5.4**	0.2	3.9%
U.S. Agg Index	6.4	**6.2**	(0.2)	-3.1%

The chart below provides a longer-term view (since inception) of the Fund's forward return prospects as measured by YTW. Until the first quarter of 2020 (right-hand side of the chart), the Fund's YTW had never breached 4%. It has now exceeded 5.7% for three consecutive quarters. Given the average since September 30, 2014, of 3.4%, today's forward return prospects as measured by a YTW of 6.00% on June 30, 2023, reinforce comments we made in the 2022 year-end Fixed Income Insights (Bonds' 'Great Reset' and the Return of Income), that we remain particularly optimistic about the role fixed income has in an overall asset allocation framework.



Portfolio Positioning

The table below shows the change in allocation to various sectors, from the prior quarter and from the prior year. This summary provides a view over time of how we have allocated capital. 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)

	6/30/2023	3/31/2023	Qtr Over Qtr Change	6/30/2022	Yr Over Yr Change
Corporate Bonds	14.9	15.6	-0.7	22.2	-7.3
Corporate Convertible Bonds	0.3	0.3	0.0	0.5	-0.2
Asset-Backed Securities (ABS)	27.6	28.9	-1.3	24.0	+3.6
*Corporate Collateralized Loan Obligations (CLOs)**	*9.3*	*10.9*	*-1.6*	*10.7*	*-1.4*
Commercial Mortgage-Backed Securities (CMBS)	6.1	7.0	-0.9	10.6	-4.5
Agency Mortgage-Backed (MBS)	7.6	0.6	+7.0	1.1	+6.5
Non-Agency Mortgage Backed (RMBS)	2.3	0.2	+2.1	0.5	+1.8
Municipal Bonds	0.1	0.2	-0.1	0.6	-0.5
Non-Convertible Preferred Stock	0.1	0.1	0.0	0.5	-0.4
U.S. Treasury	37.4	39.7	-2.3	37.5	-0.1
Cash & Equivalents	3.6	7.4	-3.8	2.5	+1.1
TOTAL	100	100		100	
High Yield**	4.9	6.6	-1.7	12.1	-7.2

Average Effective Duration	5.4	5.2	+0.2	5.2	+0.2
Average Effective Maturity	8.6	7.9	+0.7	8.0	+0.6

*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.
**For the current period, high yield exposure consists of investments in the Corporate, Corporate Convertible, ABS, and CMBS sectors.

The largest change in sector allocation during the second quarter was an increase in mortgage-backed securities (MBS). The Fund has not had a meaningful investment in MBS in its nearly nine-year life. That all changed in the first half of 2023 — with most of the investments occurring in the second quarter, where nearly 10% of Fund assets were deployed, primarily in agency (Fannie Mae and Freddie Mac) MBS but also in prime jumbo MBS (mortgages too large to be eligible for inclusion in agency MBS). What changed? Since the Great Financial Crisis, the Federal Reserve has been an active and large buyer of agency MBS via its various quantitative easing (QE) campaigns. From no exposure at the end of 2008, the Fed accumulated nearly $2.75 trillion of agency MBS. This action helped keep mortgage rates lower than they might otherwise have been — and led to, we believed, less attractive opportunities to invest in that part of the fixed-income marketplace. Last year the Fed stopped accumulating MBS and allowed its portfolio to shrink via quantitative tightening (QT), however modestly. And the early part of

2023 saw three of the largest bank failures in U.S. history which resulted in a meaningful reduction, if not exodus, by many banks (especially regional) from the MBS marketplace. With key MBS buyers no longer present and increased interest rate volatility, the market repriced MBS spreads meaningfully wider/higher than they had been, as measured by the difference between current production/coupon MBS and the average of 5- and 10-year Treasury bonds.

So, we believe spreads became more attractive (higher) — AND interest rates climbed meaningfully from where they had been stuck for so many years of zero interest-rate policy ZIRP, presenting meaningful coupon income as a complement to the Fund's Treasury bond exposure. In addition, the relative value of MBS versus investment-grade corporate bonds are at some of the widest yield/return differentials in a decade, allowing investors to improve yields and remain investment-grade.

Lastly, MBS net issuance is down meaningfully year-over-year, which is supportive of current valuations — and the main fundamental risk for investors in MBS, negative convexity (due to the prepayment options mortgage holders possess) is at multi-year low levels as a result of the today's higher interest rate environment. All of this coalesced to allow us to take advantage of a very large segment of the fixed income marketplace that we had mostly avoided in the past. If MBS valuations remain at current levels, we may continue to increase exposure in this segment.

We continue to view risk/reward opportunities in ABS as attractive despite the continued macro volatility. We added to auto ABS holdings in the second quarter, highlighted by our investment in securities issued by America's Car-Mart. America's Car-Mart (CRMT) is a publicly traded auto retailer that buys, sells, and finances used vehicles. Founded in 1981, the company serves lower income consumers, categorized as sub-prime, through a dense network of 156 used car dealerships primarily in small cities throughout the South Central U.S. What differentiates America's Car-Mart is its vertically integrated, low-cost operating model and focus on serving its customer in the local communities in which they live. By being a low-cost operator in the markets that it serves, Car-Mart can provide its customers with used vehicles at relatively affordable prices. And with its local presence, it can best serve the customer should a need arise. This recipe for success has allowed Car Mart to grow its active customer base over the past 20 years from 20,000 customers to approximately 100,000 customers. To help term out its debt, Car-Mart entered the ABS market with its inaugural deal in 2022. The company has issued two subsequent ABS deals in 2023, which we participated in.

In terms of overall portfolio metrics, the Fund's average effective maturity increased to 8.6 years as of June 30, 2023, from 7.9 years as of March 31, 2023, while our average effective duration increased to 5.4 years from 5.2 years over the same time period, compared to the Agg's average effective duration of 6.2 years on June 30. These measures provide a guide to the Fund's interest rate sensitivity. A higher average effective duration increases the Fund's price sensitivity to changes in interest rates (either up or down).

As of June 30, our high-yield exposure as a percent of net assets was 4.9%, down from 6.6% on March 31, 2023. The Fund can invest up to 25% of net assets in high yield, therefore we have ample capacity to take advantage of valuation discrepancies/opportunities in the high yield area.

Top Quarterly Contributors

- **Collateralized Loan Obligations:** Our CLO portfolio was the largest positive contributor to returns during the second quarter. Our CLOs benefited from moderate price appreciation and strong coupon income. Our CLO portfolio consists of floating rate securities with coupon payments that reset on a monthly or quarterly basis, and closely track the fed funds rate. As of June 30, our CLO portfolio had a YTW of 8.2%.
- **Asset Backed Securities:** Our ABS portfolio contributed solid coupon income to the portfolio while market prices remained largely stable.
- **Corporate Bonds:** Investments in a wide variety of corporate bonds were the third-largest contributor to performance in the second quarter. High yield, retail, real estate investment trusts (REITs), and telecom led sector performance.

Top Quarterly Detractors

- **Treasury Bonds:** U.S. Treasuries were the primary detractor to performance. With a duration of approximately 11 years, our Treasury portfolio experienced unrealized mark-to-market losses as interest rates increased during the quarter.

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.

RETURNS (%)

	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS				Since Inception		
	QTR	YTD	1-YR	3-YR	5-YR	7-YR	(7/31/2014)	Net Expense	Gross Expense
WCPBX Institutional Class	0.30	3.58	2.06	-0.16	2.76	2.34	2.85	0.45	0.59
WCPNX Investor Class	0.29	3.55	2.08	-0.24	2.66	2.20	2.69	0.55	0.82
Bloomberg U.S. Agg Bond Index	-0.84	2.09	-0.94	-3.97	0.77	0.44	1.24	-	-

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

Data is for the quarter ending 6/30/2023. 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 07/20/2023, 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 07/31/2024.

The Gross Expense Ratio reflects the total annual operating expenses of the fund before any fee waivers or reimbursements. 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. The net expense ratio represents what investors are ultimately charged to be invested in a mutual fund.

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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