3Q 2023

CORE PLUS INCOME FUND

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The Core Plus Income Fund's Institutional Class returned -2.35% for the third quarter compared to a -3.23% return for the Bloomberg U.S. Aggregate Bond Index (Agg). Year-to-date, the Fund's Institutional Class returned +1.15% compared to a -1.21% return for the index. Solid relative results this quarter and positive absolute returns year-to-date were driven by portfolio positioning (shorter average duration / average life) and overall security selection relative to the index. Longer-term results (3-, 5-, and 7-year), both absolute and relative, continue to outpace the index.

Overview

In July, the Federal Reserve delivered its eleventh increase to the federal funds rate since the cycle began in March 2022, resulting in a 5.25-5.50% target rate at quarter-end. Despite a well-telegraphed pause at the September meeting, the Federal Reserve's message was clear: the inflation fight is not done. The Fed reinforced its higher for longer messaging by removing two interest rate cuts from its latest "dot plot" forecast of Fed rate policy (Fed officials now see a fed funds rate of 5.00-5.25% in 2024, as compared to 4.50-4.75% at the June Meeting), raising its economic growth forecast and lowering its year-end unemployment target to 3.7% from 3.9% in June.

This may suggest the Fed believes the economy is too strong for them to achieve their inflation objectives despite its expectation that core inflation will peak at 3.7% this year — lower than June's projection of 3.9% — before cooling to 2.6% in 2024. Given that the Fed believes monetary policy works primarily through the "wealth effect" channel, the Fed may be trying to tighten financial conditions by engineering higher long-term interest rates and, therefore, higher borrowing costs for consumers and businesses. In a speech on September 28, following the Fed's September policy meeting, Chairman Powell stated "one of our goals is to influence spending and investment decisions today and in the months ahead."

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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Corporate credit spreads narrowed/declined modestly in the quarter, reflecting the continued strength of the U.S. economy. The table below reflects the changes during the quarter in credit spread (incremental return, reflected in basis points — investors require rates above those of comparable U.S. Treasuries as compensation for credit risk) for the broad investment grade corporate (ICE BofA US Corporate) and high yield bond (ICE BofA US High Yield) indexes. The table also shows the changes in effective yield for the indexes. While overall spread levels moved lower in the quarter, the effective yields increased due to the rise in U.S. Treasury rates.

	6/30/23	9/30/23
ICE BofA US Corporate Index		
Option-Adjusted Spread (bps)	130	125
Effective Yield (%)	5.55	6.07
ICE BofA US High Yield Index		
Option-Adjusted Spread (bps)	405	403
Effective Yield (%)	8.35	8.80

Over the past year, the Core Plus Income Fund's yield-to-worst (YTW) has continued to increase. As a reminder, YTW has historically been a reasonable predictor of forward returns. The Fund's YTW increased from 6.00% on September 30, 2022, to 6.40% on September 30, 2023 — comparing favorably to the index's YTW of 5.39% as of September 30 (see table below), while we have narrowed the duration gap relative to the Agg.

Yield to Worst / Duration Analysis				
	9/30/22	9/30/23	Change	% Change
Yield to Worst (%)				
Core Plus Income Fund	6.00	**6.40**	0.40	6.67%
U.S. Agg Index	4.81	**5.39**	0.58	12.06%
Average Duration (yrs)				
Core Plus Income Fund	5.4	**5.7**	.52	5.6%
U.S. Agg Index	6.2	**6.1**	.03	-1.6%

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)

	9/30/2023	6/30/2023	Qtr Over Qtr Change	9/30/2022	Yr Over Yr Change
Corporate Bonds	14.3	14.9	-0.6	21.5	-7.2
Corporate Convertible Bonds	0.1	0.3	-0.2	0.5	-0.4
Asset-Backed Securities (ABS)	26.7	27.6	-0.9	29.4	-2.7
*Corporate Collateralized Loan Obligations (CLOs)**	*9.8*	*9.3*	*+0.5*	*12.5*	*-2.7*
Commercial Mortgage-Backed Securities (CMBS)	5.9	6.1	-0.2	10.3	-4.4
Agency Mortgage-Backed (MBS)	10.7	7.6	+3.1	1.1	+9.6
Non-Agency Mortgage Backed (RMBS)	2.3	2.3	0.0	0.4	+1.9
Municipal Bonds	0.1	0.1	0.0	0.3	-0.2
Non-Convertible Preferred Stock	0.1	0.1	0.0	0.4	-0.3
U.S. Treasury	38.6	37.4	+1.2	34.5	+4.1
Cash & Equivalents	1.2	3.6	-2.4	1.6	-0.4
TOTAL	100	100		100	
High Yield**	3.7	4.9	-1.2	11.1	-7.4
Average Effective Duration	5.7	5.4	+0.3	5.2	+0.5
Average Effective Maturity	9.4	8.6	+0.8	8.3	+1.1

*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 third quarter was an increase in mortgage-backed securities (MBS). The Fund had not had a meaningful investment in MBS in its nine-year life, but that all changed in 2023 — with most of the investments occurring over the past two quarters, where nearly 13% 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.

In addition to MBS, we added Treasury securities, principally in the 7-10-year and 20-year maturities. We also added to our auto and consumer ABS holdings, primarily via the new issue market. In collateralized loan obligations (CLOs), we invested in new issue commercial real estate (CRE) CLOs from Argentic and two new middle-market CLO sponsors, Bain Capital and CIFC-LBC.

In terms of overall portfolio metrics, the Fund's average effective maturity increased to 9.4 years as of September 30, 2023, from 8.6 years as of June 30, 2023, while our average effective duration increased to 5.7 years from 5.4 years over the same time period, compared to the Agg's average effective duration of 6.1 years on September 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 September 30, our high-yield exposure as a percent of net assets was 3.7%, down from 4.9% on June 30, 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 (both CRE CLOs and MM CLOs) portfolio was the largest positive contributor to returns during the third quarter. Our CLOs benefited from moderate price appreciation and rising 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.

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 rose significantly 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, 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.

The Benefit of Higher Rates

Rising interest rates across the yield curve pave the way for higher coupon income today and provide the potential for greater total returns in the future. For the first time in over 15 years, the return prospects of a diversified portfolio of higher quality U.S. fixed income securities may be highly competitive versus the historical returns on equities, which are likely much less uncertain and which have significantly less downside risk. Given the current interest rate environment, we continue to believe that now is a good time for investors to consider adding to their fixed income allocation.

RETURNS (%)	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS				Since Inception (7/31/2014)		
	QTR	YTD	1-YR	3-YR	5-YR	7-YR		Net Expense	Gross Expense
WCPBX Institutional Class	-2.35	1.15	2.59	-1.67	2.26	1.86	2.50	0.45	0.59
WCPNX Investor Class	-2.50	0.96	2.38	-1.79	2.12	1.70	2.33	0.55	0.82
Bloomberg U.S. Agg Bond Index	-3.23	-1.21	0.64	-5.21	0.10	-0.09	0.85	-	-

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

Data is for the quarter ending 9/30/2023. 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 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 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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