

HICKORY FUND

Portfolio Managers: Wally Weitz, CFA & Drew Weitz

Investment Style: Mid-Cap Value

The Hickory Fund returned -1.31% in the third quarter compared to -0.93% for the Russell Midcap Index. Year-to-date, the Fund has returned +12.93% compared to +15.16% for the index.

After a string of strong quarterly results for our portfolio and the index, investors caught their breath in the third quarter. We believe the tailwind of a broad economic recovery is still at our backs, but the progress will not be as blatantly apparent compared to the rapid bounce-back aspects of the economy experienced after the worst months of the pandemic. Slower growth rates were expected (inevitable, really) and not likely the cause of recent investor anxiety/distress. Instead, investors are grappling with a host of issues, including shortages of workers, raw materials, and other finished goods. These shortages are resulting in supply chain disruptions and are feeding fears that the Fed's promised "transitory" inflation may turn out to be "structural."

Companies that can successfully pass these higher costs on to customers are said to have "pricing power" and, therefore, possess the ability to blunt inflation's impact on profit margins and earnings. Our Quality at a Discount investment framework favors businesses with strong competitive positions and the ability to responsibly adjust price. (The word "responsibly" is key as we believe companies that engage in "price gouging" of customers rarely prosper in the long run.) Of course, no company is completely immune to inflationary pressures, but given our longstanding focus on pricing power, we believe our portfolio companies are well-positioned to navigate potentially choppy waters and maintain more resilient valuations.

Quarterly returns across the portfolio were muted, placing greater focus on the year-to-date results. LICT Corporation, a telecom operator serving secondary and tertiary markets in the U.S., has been the Fund's top performer of 2021 so far as the company continues to benefit from investor enthusiasm for connectivity providers. Labcorp has also been a year-to-date contributor as the company's traditional lab business continues to recover and as it becomes clear that COVID-related demand will remain elevated for an extended period. A trio of auto-related businesses rounds out the top five year-to-date contributors: used car dealer CarMax, recycled parts purveyor LKQ Corp, and new parts seller AutoZone (also the Fund's top quarterly contributor). AutoZone's sales have exceeded expectations as the company has taken share from competitors throughout the pandemic with drivers taking on more vehicle maintenance themselves. The company's new commercial business initiative has continued growing accounts, too. Although we anticipate above-average sales may slow to a more normal cadence, these results have translated into elevated cash flow, bolstering management's ability to compound per-share value through share repurchases.

Dun & Bradstreet was the Fund's top quarterly and year-to-date detractor. Last quarter, we introduced Dun & Bradstreet to the portfolio and described some of the actions already taken to improve its operations and enhance the value delivered to customers. We remain confident in management and their strategic direction, but we acknowledge that this process will take time. Other year-to-date detractors include Black Knight and Guidewire Software, two businesses that have traded lower as investors' enthusiasm for software companies has ebbed and flowed throughout the year (notably, however, Guidewire was a top contributor in the quarter). Both are leading providers in their specific markets, and we believe their long-term futures remain bright. Bank software provider ACI Worldwide saw its shares decline as expectations of an activist-investor-led sale of the company dissipated. We trimmed our position as the stock price rose in response to the sale speculation. Shares have now returned to their pre-activist-inspired levels. Finally, year-to-date detractor EverArc's modest negative return is in keeping with investors' change of heart regarding special purpose acquisition vehicles (SPACs). Nevertheless, we look forward to EverArc's announced purchase of Perimeter Solutions, a global provider of firefighting products, and we will share more in future updates when the deal closes.

Portfolio activity was modest during the quarter. Of note, we added to last quarters' new positions, Dun & Bradstreet and MarketAxess, and we exited our remaining shares of First Hawaiian Bank. We did not add any new businesses to the portfolio in the third quarter.

Top Relative Contributors and Detractors

For the **QUARTER** ending 09/30/2021

TOP CONTRIBUTORS				
	Return	Average Weight	Contribution	% of Net Assets
AutoZone, Inc. (AZO)	13.79%	4.46	0.58%	4.9%
Liberty Global plc – Class C (LBTYK)	8.95%	3.74	0.31%	4.1%
Guidewire Software, Inc. (GWRE)	5.46%	2.99	0.15%	3.2%
LICT Corp. (LICT)	2.32%	4.96	0.12%	5.1%
CoStar Group, Inc. (CSGP)	3.91%	3.21	0.12%	3.3%

Source: FactSet Portfolio Analytics

TOP DETRACTORS				
	Return	Average Weight	Contribution	% of Net Assets
Dun & Bradstreet Holdings, Inc. (DNB)	-21.34%	2.99	-0.63%	2.5%
Qurate Retail, Inc. – Class A (QRTEA)	-22.15%	1.53	-0.38%	1.4%
ACI Worldwide, Inc. (ACIW)	-17.26%	1.65	-0.31%	1.6%
MarketAxess Holdings, Inc. (MKTX)	-9.13%	2.79	-0.25%	3.1%
Dolby Laboratories, Inc. – Class A (DLB)	-10.26%	2.19	-0.23%	2.0%

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 09/30/2021: Black Knight, Inc. (BKI) 2.3%, CarMax, Inc. (KMX) 4.2%, EverArc Holdings Ltd. (EVRA) 2.9%, First Hawaiian, Inc. (FHB) 0.0%, Laboratory Corp. of America Holdings (LH) 5.5%, LKQ Corp. (LKQ) 5.3%.

WEITZ INVESTMENT INSIGHTS

VALUE MATTERS:

Bring It On

The bull market that began after the initial shock of the pandemic has been good for most investors. But sooner or later, all good things must come to an end. And whenever the tide eventually turns, we'll be ready to take advantage.

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Average Annual Total Returns**AS OF 09/30/2021**

	YTD	1 YR	3 YR	5 YR	10 YR	Since Fund Inception	Inception Date	Net Expense	Gross Expense
Hickory Fund	12.93%	33.42%	10.95%	9.03%	10.47%	9.68%	04/01/1993	1.09%	1.14%
Russell Midcap®	15.17%	38.11%	14.20%	14.38%	15.51%	11.37%	-	-	-

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 10/19/2021, 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 Fund's average daily net assets through 07/31/2022.

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.

Effective 03/29/2019, the Fund invests the majority of its assets in the common stock of medium-sized companies, which the Fund considers to be companies with a market capitalization, at the time of initial purchase, of greater than \$1 billion and less than or equal to the market capitalization of the largest company in the Russell Midcap. Prior to that date, the Fund invested the majority of its assets in the common stock of smaller- and medium-sized companies, which the Fund considered to be companies with a market capitalization, at the time of initial purchase, of less than \$10 billion. Performance prior to 03/29/2019 reflects the Fund's prior principal investment strategies and may not be indicative of future performance results.

Index performance is hypothetical and is shown for illustrative purposes only. You cannot invest directly in an index. **The Russell Midcap** tracks the performance of the 800 next-largest U.S. companies, after the 1,000 largest U.S. companies

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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