

The Large Cap Equity Fund's Institutional Class returned +12.32% for the second quarter compared to +8.58% for the Russell 1000. Year-to-date, the Fund's Institutional Class has returned +19.11% compared to +16.68% for the Russell 1000.

It was an especially good quarter and first half for the Fund. The economy has remained sturdy, and animal spirits have returned to financial markets. The Fed has suggested it expects to raise interest rates yet again later this summer. The ultimate consequences of the recent rapid and steep monetary tightening are unclear. Investor sentiment has been fickle, with market convictions strongly held but quickly changed. In contrast, the Weitz Quality at a Discount (QuaD) investing framework is steadfast. We think the case for owning durable, resilient, and adaptable businesses, bought at sensible prices, has rarely been stronger.

March's regional bank crisis already seems like a distant memory, and water cooler talk of generative Artificial Intelligence (AI)¹ is all the rage. AI has been around for decades, but it is still in the early days for generative AI like ChatGPT, Bard, DALL-E, and the like. The Fund's returns had a little "extra juice" from the recent AI excitement. Amazon.com, Inc. (AMZN) CEO Andy Jassy has talked about distinguishing between the current AI "hype cycle" and the inevitable "substance cycle" that will follow. Time will tell, but we think the Fund's companies can hold their own as the ecosystem evolves.

The Fund's technology-related stocks were again among the largest quarterly contributors, with Meta Platforms, Inc. (META), CoStar Group, Inc. (CSGP), Alphabet, Inc. (GOOG), and Oracle Corp. (ORCL) leading the way. Back in the "old" economy, rocks-and-gravel producer Vulcan Materials Co. (VMC) saw its stock rise more than 30% during the quarter. The aggregates pricing power story has been on full display, private sector volumes have remained healthy, and we expect public infrastructure spending to power robust, multi-year tailwinds. In total, ten of the Fund's stocks spanning six sectors posted returns above 15% for the quarter.

Quarterly detractors were modest, both in number and impact. Thermo Fisher Scientific, Inc. (TMO) and Danaher Corp. (DHR) experienced single-digit percentage stock price declines for the quarter and year-to-date periods. Short-term concerns revolved around bioprocessing inventory destocking and the funding environment for early-stage biotech customers. While our 2023 forecasts have softened, we believe these issues have no impact on the favorable growth or cash flow outlooks for life sciences over the next decade. We added modestly to both positions. Liberty Broadband Corp. (LBRDK US) and Analog Devices, Inc. (ADI) were the only other quarterly detractors.

Meta Platforms was the true year-to-date standout. After steep declines in 2022, Meta's stock more than doubled in the first half of 2023 (and tripled from last November's lows!). The combination of solid engagement trends, enhanced tools for advertisers, and prudent expense management have been encouraging. Other notable year-to-date contributors included Alphabet, Oracle, Salesforce, Inc. (CRM), and Amazon. Charles Schwab Corporation (SCHW) (sold in the first quarter), Fidelity National Information Services, Inc. (FIS), and Liberty Media Corp-Liberty SiriusXM (LSXMK) were the Fund's largest detractors year-to-date.

We added a new, direct position in Charter Communications, Inc. (CHTR) at an average price in the low \$330s per share during the quarter. At that price level, we found the absolute and relative valuation for the broadband company too compelling to ignore. Our combined Charter exposure is 5.3% via holdings of both Liberty Broadband and Charter. After taking tax losses in FIS last quarter, we rebuilt back to a base position size at prices in the low-to-mid-\$50s per share. We also materially increased the Fund's Amazon position at an average price under \$105 per share.

After exceptional stock price increases, we tapered the Fund's Meta Platforms and Oracle positions to better reflect our estimated updated risk-reward profiles. We also modestly reduced the Fund's Vulcan Materials, Salesforce, and Alphabet holdings, and we trimmed shares of Adobe, Inc. (ADBE) and CarMax, Inc. (KMX). This activity is a natural part of our investment process, and the adjustments reflect our team's valuation discipline rather than conviction changes in the underlying businesses.

We have a focused portfolio that is well-aligned with our vision for successful large-cap investing. The Fund has concentrated ownership stakes in 26 companies, with the top ten representing nearly half of the portfolio. Each position is significant enough to matter, yet none can individually make or break our results. Our current estimate is that the portfolio trades at a price-to-value in the mid-80s, which we believe offers adequate return potential over a multi-year period.

¹A detailed discussion of generative AI is beyond the scope of this commentary. For readers interested in learning more about the topic, we suggest [this primer from long-time Fund holding Accenture](#).



VALUE MATTERS: Patience Counts

While news headlines, Fed policy, and economic worries continue to create challenges in the stock and bond markets, we remain focused on patiently shaping our portfolios with the best companies available at reasonable prices. We believe buying the right businesses at the right price and holding patiently will always be a prescription for investing success.

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Top Relative Contributors and Detractors

TOP CONTRIBUTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Meta Platforms, Inc.	35.49	5.55	1.93	4.1
CoStar Group, Inc.	29.27	4.82	1.36	5.2
Vulcan Materials Co.	31.64	4.54	1.36	4.7
Alphabet, Inc.	16.28	7.46	1.28	7.1
Oracle Corp.	28.72	4.03	1.09	3.5

TOP DETRACTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Thermo Fisher Scientific, Inc.	-9.41	4.15	-0.48	4.0
Danaher Corp.	-4.64	4.14	-0.26	4.1
Analog Devices, Inc.	-0.78	4.89	-0.13	4.8
Liberty Broadband Corp.	-1.95	3.51	-0.11	3.4

Data is for the quarter ending 6/30/2023. 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 6/30/2023: Adobe, Inc., 3.5%; Amazon.com, Inc., 3.7%; CarMax, Inc., 2.6%; Charter Communications, Inc., 1.9%; Fidelity National Information Services, Inc., 2.1%; Liberty Media Corp.-Liberty SiriusXM, 2.1%; Salesforce, Inc., 3.1%; and The Charles Schwab Corporation, 0.0%

RETURNS (%)												
	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS							Since Inception	Net Expense	Gross Expense
	QTR	YTD	1-YR	3-YR	5-YR	10-YR	20-YR	30-YR	35-YR	(5/9/1986)		
WVAIX Institutional Class	12.32	19.11	19.21	12.86	11.50	9.56	7.70	10.09	10.55	10.36	0.89	0.89
WVALX Investor Class	12.28	19.02	19.02	12.67	11.29	9.37	7.60	10.03	10.49	10.31	1.04	1.04
Russell 1000 Index	8.58	16.68	19.36	14.09	11.91	12.64	10.12	10.06	10.66	10.56	-	-
S&P 500 Index	8.74	16.89	19.59	14.60	12.30	12.85	10.03	10.04	10.61	10.60	-	-

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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 07/31/2024.

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.

Performance quoted for Institutional Class shares before their inception (07/31/2014) 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 **Russell 1000** measures the performance of the largecap segment of the U.S. equity universe. It is a subset of the Russell 3000 and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The **S&P 500** is an unmanaged index consisting of 500 companies generally representative of the market for the stocks of large-size 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.

Weitz Securities, Inc. is the distributor of the Weitz Funds.