

LARGE CAP EQUITY FUND

Portfolio Managers: Brad Hinton, CFA®
Investment Style: Large-Cap Equity

The Large Cap Equity Fund's Institutional Class returned -2.41% for the second quarter compared to +3.57% for the Russell 1000 Index. Year-to-date, the Fund's Institutional Class returned +5.19% compared to +14.24% for the index.

Small pockets of tech-related stocks drove the Russell 1000 and S&P 500 indexes to second-quarter gains, as AI fever continued to grip the equity market and dominate the narrative. The economy remained resilient, but under the hood, the broader stock market looked far more fragile as most sectors posted negative returns for the quarter. The average large-cap stock declined. The mid-cap and small-cap indexes lost money. The winners have been winning big, but the list is short.

The clear story this year has been momentum, as that “factor” has swamped all others. For example, the iShares MSCI USA Momentum Factor ETF (MTUM) returned 24.4% year-to-date. Our investing approach does not tend to ride high on momentum waves, but those waves come and go. And while it has been a tough market for valuation-sensitive investors, it is our job to manage through it and we've been busy.

With that backdrop, it is little surprise that Alphabet, Inc. (GOOG), Analog Devices, Inc. (ADI), Oracle Corp. (ORCL), Amazon.com, Inc. (AMZN), and Meta Platforms, Inc. (META) were the Fund's leading contributors for both the quarter and year-to-date periods. We have trimmed the Fund's holdings of all five companies as the gap between their stock prices and business values has narrowed. And while we have steadily leaned into more heavily discounted stocks that fall into the “what could work next” camp, the Fund still retains nearly 20% exposure to this collection of leading businesses.

CoStar Group, Inc. (CSGP), Global Payments, Inc. (GPN), Salesforce, Inc. (CRM), and Liberty Media Corp-Liberty Sirius XM (LSXMK) were the Fund's top quarterly detractors. Year-to-date, Global Payments, Liberty Broadband Corp. (LBRDK), CoStar Group, and Charter Communications (CHTR) were the Fund's primary detractors. The reasons for the declines vary, and our response has not been one-size-fits-all. Two of the positions are now larger, two are smaller, and two are out of the portfolio.

When market returns are uneven and choppy, active managers smell opportunity. We bought new positions in IDEX Corp. (IEX), Constellation Software, Inc. Canada (CSU), and Old Dominion Freight Line, Inc. (ODFL) during the quarter. The common thread for these high-quality businesses is top-tier capital allocation. The stocks are not optically cheap, and that's fine. Our idea of “discounted” means we see a reasonable, high-probability path to double-digit annualized returns over a five-plus year investing horizon, with a very low probability of losing money over that period. We don't expect or need moonshots, though we believe each has some upside optionality.

Multi-industrial IDEX creates value through a disciplined approach to acquisitions, paired with rigorous application of their business system rooted in “80/20” principles. We have owned IDEX for years in other Weitz strategies, bolstering our confidence in the management team's ability to navigate cyclical soft patches. We think earnings will likely rebound as the life science and analytical instrument end markets recover, with incremental upside potential from the water/wastewater, fire & safety, and semiconductor businesses. In the meantime, the company's mergers and acquisitions war chest keeps growing.

Constellation's calling card is niche, vertical market software acquisitions, coupled with a decentralized operating approach that drives decision-making closest to the customer. Our research suggests that the collection of existing businesses is more durable than skeptics fear. We are not counting on a repeat performance of the last five years, when Constellation's stock compounded at nearly 27% per year. The company is pursuing larger deals, which are likely to deliver lower (but still acceptable) returns. Most importantly, we think Constellation's runway for deploying capital productively remains very long and is deeply underestimated by the market.

Old Dominion has assembled the premier less-than-truckload (LTL) freight network organically through decades of elbow grease, culture building, and focusing on superior service. Times have been tough lately. Industry freight volumes are depressed, competitors are trying to copy Old Dominion's proven model, and the LTL market has some excess capacity. Following a time-tested playbook, the company has invested through the downturn to enhance the density, efficiency, and reach of its physical delivery network. We expect these investments to bear fruit when freight markets tighten, allowing the company to capture market share by providing exceptional service when others fall short.

During the quarter we added meaningfully to several existing holdings including Global Payments, Aon PLC (AON), CarMax, Inc. (KMX), Equifax, Inc. (EFX), and Adobe, Inc. (ADBE). We trimmed positions in a handful of “winners” such as Analog Devices,



VALUE MATTERS: Investing in a Tech-Driven Market

As an AI-driven feeding frenzy of tech stocks combine with ongoing uncertainty over Fed policy and inflation, we look to lessons from the past and assumptions about the future to help inform our investments.

[Read More →](#)

Vulcan Materials Company (VMC), Alphabet, Amazon, and Oracle. We also sold the Fund's positions in Liberty Broadband and Liberty Media Sirius XM. We exited Liberty Broadband in favor of the Fund's investment in pure-play Charter Communications (Liberty Broadband owns 26% of Charter Communications). We sold Liberty Media Sirius XM as the shape of the potential opportunity changed, denting the special-situation thesis we had for this strategy. The proceeds helped fund buys of what we view as more durable, competitively advantaged businesses.

All told, we had nearly a year's worth of typical trading activity during the quarter. The result is a focused portfolio that is well-aligned with our vision for successful large-cap investing. The Fund has concentrated ownership stakes in 30 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 high 80s, which we believe offers adequate return potential over a multi-year period.

Top Contributors and Detractors

TOP CONTRIBUTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Alphabet, Inc.	20.52	5.46	1.02	5.0
Analog Devices, Inc.	15.67	4.07	0.71	3.0
Oracle Corp.	12.52	3.14	0.35	3.0
Amazon.com, Inc.	7.18	4.50	0.33	3.6
Meta Platforms, Inc.	4.33	5.36	0.29	5.0

TOP DETRACTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
CoStar Group, Inc.	-23.25	4.06	-1.07	3.6
Global Payments, Inc.	-27.73	3.09	-0.95	3.9
Salesforce, Inc.	-14.82	3.09	-0.52	2.8
LIBRTY MEDIA LRTY SIRIUSXM SRS	-25.29	1.01	-0.44	0.0
Mastercard, Inc.	-8.26	4.84	-0.42	4.7

Data is for the quarter ending 6/30/2024. 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 6/30/2024: Adobe, Inc., 2.5%; Aon PLC, 4.1%; CarMax, Inc., 3.0%; Charter Communications, 4.0%; Equifax, Inc., 3.3%; IDEX Corp. (IEX), 2.2%; Constellation Software, Inc. Canada, 2.4%; iShares MSCI USA Momentum Factor ETF, 0.0%; Liberty Broadband Corp., 0.0%; Old Dominion Freight Line, Inc., 2.1%; and Vulcan Materials Company, 2.8%.

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	-2.41	5.19	14.63	4.56	11.50	9.26	7.59	10.44	10.42	10.47	0.87	0.87
WVALX Investor Class	-2.45	5.10	14.46	4.40	11.31	9.05	7.49	10.37	10.36	10.42	1.03	1.03
Russell 1000 Index	3.57	14.24	23.88	8.73	14.59	12.50	10.32	10.82	10.75	10.89	-	-
S&P 500 Index	4.28	15.29	24.56	10.00	15.03	12.85	10.28	10.79	10.72	10.94	-	-

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 7/20/2024, 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 07/31/2025.

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 large-cap 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.