1Q 2023

NEBRASKA TAX-FREE INCOME FUND

Portfolio Managers: Tom Carney, CFA
Investment Style: Municipal-State Bond

The Nebraska Tax-Free Income Fund returned +1.84% in the first quarter compared to a +1.93% return for the Bloomberg 5-Year Municipal Bond Index. For the fiscal year ended March 31, 2023, the Fund's total return was +0.91% compared to a +1.75% return for the index.

Overview

Municipal bonds posted solid gains in the first quarter, riding (as they often do) the strong, but extremely volatile, performance of U.S. Treasury bonds. Price gains in January resulting from weak economic data fueled speculation of a Fed pivot, or at least a pause, in its year-long pursuit of higher short-term interest rates to slow inflation. February brought a 'blowout' jobs report that undermined any thoughts of a slowdown and resulted in a violent reversal of January's interest rate rally (as rates decrease, bond prices increase). By early March, the yield curve had reached its deepest inversion (the difference between 2-year and 10-year U.S. Treasury rates) in over 40 years. Recession fears eased and pundits began to believe the economy could grow despite the Fed's efforts to tame inflation. Then came the collapse of Silicon Valley Bank (and others) and overall turmoil in the banking industry. Rates plummeted during the final stretch of the first quarter in a classic flight to safety amid growing worries about tightening lending conditions and the attendant effects on future economic growth. 'Pause' or 'pivot' has been replaced by market expectations of rate *cuts* later this year. Overall, the first quarter of 2023 had echoes of 2022. Instead of calm after a tumultuous year, investors have received more volatility and choppy markets. However, overall forward returns in fixed income (tax-free and taxable) are where the echoes/comparisons end. For the first time in seemingly forever, forward (coupon) returns compensate for this year's volatile/choppy markets where the higher overall yield environment presents a much wider range of attractive investment opportunities for fixed income investors.

FIXED INCOME INSIGHTS:

With Uncertainty Now the Norm, Bonds Remain Attractive

A year that began with headlines proclaiming "Bonds are Back" quickly changed course. While the rollercoaster ride in the bond markets may continue, the turbulence could bring about a changing opportunity set for fixed income investors.

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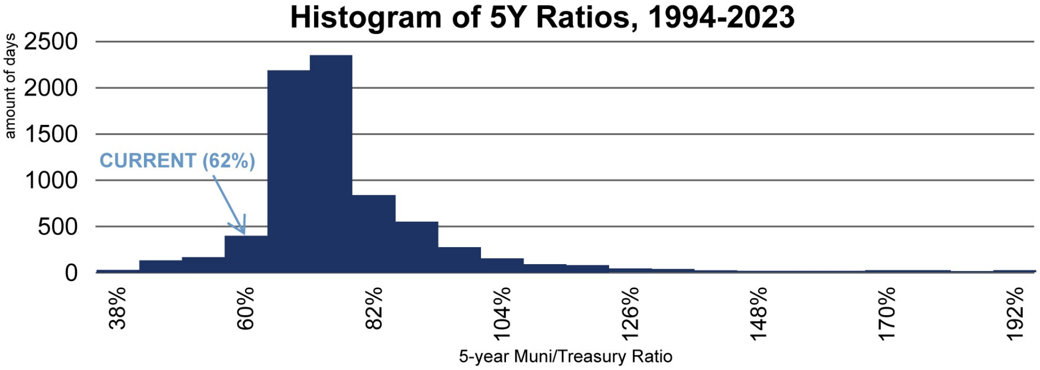
During the first quarter of 2023, municipal bonds modestly outperformed their U.S. Treasury counterparts as the ratio of the 5-year AAA-rated municipal bond to the 5-year Treasury (the 'tenor' or maturity profile that most resembles the Nebraska Tax-Free Income Fund) declined from 64% on December 31, 2022, to 62% on March 31, 2023. The Municipal/Treasury ratio (M/T ratio) measures the relative attractiveness of tax-free municipal bonds. All else equal, the higher the ratio, the more appealing municipal bonds become, given their tax-advantaged status.

The chart below is a histogram of the 5-year municipal/Treasury ratio going back 30 years. The current ratio is noted on the chart, providing a visual of how the current level compares to the M/T ratio over a span of three decades.



Source: Morgan Stanley Research, MMD

Overall, today's M/T ratio would suggest that municipal bonds are less appealing to their taxable counterparts than they have been over the past 30 years. However, the increased nominal yield environment, improved fiscal position of many municipal bond issuers, and lower overall supply help to explain some/much of today's lower M/T ratio. The Fed's most aggressive tightening campaign in history (bringing its policy rate from near-zero to 5%) has effectively ended the long yield drought in the bond market. Consequently, we'd reiterate the comments we made in the 2022 year-end Fixed Income Insights (Bonds' 'Great Reset' and the Return of Income), that we remain optimistic about the role fixed income has in an overall asset allocation framework.

Top Quarterly Contributors

(Every segment contributed to results in the quarter. Below are some notable examples.)

- School district general obligation bonds issued by Papillion-La Vista, Nebraska; Sarpy County Bellevue, Nebraska; Douglas County, Nebraska; and Lancaster County, Nebraska.
- Tax-supported lease revenue bonds issued by Omaha, Nebraska; Public Facilities Corporation; and Sarpy County, Nebraska, certificates of participation.
- Combined utility revenue bonds issued by Municipal Energy Agency of Nebraska, Grand Island, Nebraska, and Columbus, Nebraska.
- General revenue bonds issued by Boys Town Village.
- City general obligation bonds issued by Bellevue, Nebraska; Omaha, Nebraska; and Columbus, Nebraska.
- Higher education revenue bonds issued by Nebraska State College Facilities Corporation, Saline, County, Nebraska (Doane University); and University of Nebraska Facilities Corporation (Health Center and College of Nursing Projects).
- Hospital revenue bonds issued by Douglas County, Nebraska (Nebraska Medicine).
- Water and sewer revenue bonds issued by Omaha, Nebraska; Salt Lake City, Utah, public utility; and Blair, Nebraska.

Top Quarterly Detractors

- No segment generated negative results in the quarter.

Fiscal Year Performance

For the fiscal year, all segments contributed to positive Fund results. The largest contribution segments included combined utilities revenue bonds, city general obligation bonds, higher education revenue bonds, miscellaneous tax revenue bonds, school district general obligation bonds, water and sewer revenue bonds, general revenue bonds, and electricity and public power bonds.

Portfolio Metrics

Turning to portfolio metrics, the average effective duration of the Fund declined from 3.6 years on December 31, 2022, to 3.4 years on March 31, 2023. Average effective maturity also declined from 4.0 years to 3.5 years over the same timeframe. Overall asset quality remains high, with approximately 89% rated A or better by one or more of the nationally recognized statistical rating organizations.

Following are additional details regarding the breakdown of our holdings. Our investments are broad, and they are all backed by a consistent philosophy: we strive to own only those investments we believe compensate us for the incremental credit risk. Our overall goal is to invest in a portfolio of bonds of varying maturities that we believe offer attractive risk-adjusted returns, taking into consideration the general level of interest rates and the credit quality of each investment.

Portfolio Allocation (% of Portfolio)		
Revenue		55.2
Power	15.0	
Hospital	9.7	
Lease	8.4	
Water/Sewer	5.9	
General	4.3	
Certificates of Participation	4.2	
Airport/Transportation	3.2	
Housing	2.4	
Higher Education	2.1	
General Obligation		29.0
School District	13.4	
City/Subdivision	8.2	
County	6.7	
State/Commonwealth	0.7	
Escrow/Pre-Refunded		6.6
Cash Equivalent/Other		9.2

CREDIT QUALITY (% of Portfolio)	
AAA	6.4
AA	61.5
A	20.9
BBB	1.4
BB	0.0
B	0.0
CCC	0.0
Not Rated	1.7
Cash Equivalents/Other	8.1

RETURNS (%)

	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS							Since Inception		
	QTR	YTD	1-YR	3-YR	5-YR	10-YR	20-YR	30-YR	35-YR	(10/1/1985)	Net Expense	Gross Expense
WNTFX	1.84	1.84	0.91	0.14	1.27	0.94	2.19	3.26	3.80	4.10	0.45	1.02
Bloomberg 5-Year Municipal Bond Index	1.93	1.93	1.75	0.70	1.73	1.64	2.92	3.85	4.47	n/a	-	-

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

Data is for the quarter ending 03/31/2023. 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 04/20/2023, 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 07/31/2023.

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.

On 12/29/2006, the Nebraska Tax-Free Income Fund succeeded to substantially all of the assets of Weitz Income Partners Limited Partnership. The investment objectives, policies and restrictions of the Fund is materially equivalent to those of the Partnership, and the Partnership was managed at all times with full investment authority by the Investment Adviser. The performance information includes performance for the Partnership. The Partnership was not registered under the Investment Company Act of 1940 and, therefore, were not subject to certain investment or other restrictions or requirements imposed by the 1940 Act or the Internal Revenue Code. If the Partnership had been registered under the 1940 Act, the Partnership's performance might have been adversely affected.

Index performance is hypothetical and is shown for illustrative purposes only. You cannot invest directly in an index. The **Bloomberg 5-Year Municipal Bond index** is a capitalization weighted bond index generally representative of major municipal bonds of all quality ratings with an average maturity of approximately five years.

Holdings are subject to change and may not be representative of the Fund's current or future investments.

Income from municipal securities is generally free from federal taxes and state taxes for residents of the issuing state. While the interest income is tax-free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternative Minimum Tax (AMT).

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. Mortgagerelated 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. **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. 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.