

PARTNERS III OPPORTUNITY FUND



Portfolio Managers: Wally Weitz, CFA, and Drew Weitz

Investment Style: Multi-Cap Alternative

The Partners III Opportunity Fund's Institutional Class returned +8.92% in the fourth quarter compared to +12.15% for the S&P 500 (the Fund's primary index) and +14.68% for the Russell 3000. For the calendar year, the Partners III Opportunity Fund's Institutional Class returned +9.46% compared to +18.40% for the S&P 500 and +20.89% for the Russell 3000.

The global pandemic wrought significant disruption on individuals, businesses and economies worldwide. Governments and central banks around the world responded with massive fiscal and monetary stimulus packages, stabilizing capital markets and sparking a recovery in equity prices that began in late March. November brought news of multiple, highly effective vaccines against COVID-19, and fast-tracked government approvals reinvigorated the rally as investors priced in further economic recovery. Corporate giants led the market off the bottom, but the vaccine news helped smaller, more cyclical companies do some catching up in the fourth quarter. Against such a backdrop, we view a high-single-digit positive return for the year as a satisfactory risk-adjusted return. That said, we acknowledge that our performance fell short of the broader (and valuation-insensitive) market indices, though the Fund's Institutional Class's calendar-year return of +9.46 compares favorably to its Morningstar long-short category return of +7.88%.

The strongest performance for the calendar year came from Qurate Retail. Starting from a very low valuation, shares rallied as the business's turnaround gained traction, in turn giving management the confidence to return a substantial amount of capital to shareholders, including distributing \$3 per share in special dividends (more than one-third of the start-of-year stock price). Amazon.com placed a close second, as the pandemic made the company even more indispensable to its retail customers, while its web services and advertising businesses continue to grow quickly and gain market share. Despite renewed regulatory concerns, Alphabet and Facebook were also top contributors, as their increasingly valuable digital advertising businesses are among the most effective means of reaching consumers who are spending more time online. Liberty Broadband rounds out the top-five contributors for 2020. The pandemic almost certainly pulled forward the company's future growth, but it also demonstrated the indispensability and value delivered by their investment in Charter Communications's broadband connectivity service which we believe will allow Charter to continue winning market share.

Qurate and Alphabet were also top contributors for the quarter, joined by Charles Schwab, Liberty SiriusXM and Berkshire Hathaway. Schwab shares benefited from positive vaccine news which helped investors focus on the company's earnings potential in a more fully healed economy. Liberty SiriusXM's subscriber and operating results have continued to improve, helping shares recover from its pandemic-induced lows in the first quarter. Finally, Berkshire's status as the Fund's largest position helped magnify a high-single-digit return into a "top-five" finish for the quarter.

The top detractors for 2020 include three investments that we sold during the year: DXC Technologies, Liberty Latin America and Redwood Trust. DXC and Liberty Latin America, both small positions, were sold in the second quarter to help capitalize on more attractive opportunities. Long-time holding Redwood Trust was one of our most significantly impacted investments this year, as credit markets seized even more severely than equities in the first quarter, forcing management to take decisive steps to shore up the company's balance sheet and liquidity. These actions were necessary and well-received, helping shares recover some of the first quarter's losses. As shares recovered, however, what we considered to be a less favorable risk/reward outlook led us to close our position during the third quarter. Markel, the remaining calendar year detractor among our long positions, remains in the portfolio but has yet to fully recoup the first quarter's decline.

In the fourth quarter, all of our long equity holdings generated positive returns. Not surprisingly, the Fund's short position against two exchange-traded funds (ETFs) tracking the S&P 500 and Nasdaq 100 indexes, respectively, produced negative returns for both periods. Appreciation in the underlying ETFs grew these short positions over the course of the quarter, though the underlying number of shares sold short remained unchanged. Over the course of the year, however, we have shifted our short exposure toward the Nasdaq 100 ETF and reduced exposure to the S&P 500 given our view that valuations in the tech-heavy Nasdaq are stretched more thinly. We also maintain a small, short position against SiriusXM as part of our strategy to monetize the discount between Liberty SiriusXM and its publicly traded investee. The strategy panned out this quarter as Liberty SiriusXM's shares rose more rapidly and helped narrow the discount. Collectively, these holdings result in a short exposure of 19% of net assets at year-end, slightly higher than the prior quarter and comparable to the end of 2019.

LONG/SHORT INFORMATION

Effective Long	98%
Effective Short	19%
Effective Net	79%

After an active first nine months, the fourth quarter's trading activity was more moderate. There were no new company additions or outright sales during the quarter. Trading activity included the continued building of positions in FIS and Aon along with scattered modest buys and sells throughout the portfolio. Collectively, our long positions represent 98% of Fund assets, and the Fund had an effective net long position of 79% at year-end.

Value Matters: Now What?

With a difficult year behind us, the question on so many minds is "now what?" 2021 carries a sense of optimism, and in the year ahead, the challenge for investors will be to discern what a "new normal" looks like.

Top Relative Contributors and Detractors

For the QUARTER ending 12/31/2020

TOP CONTRIBUTORS					TOP DETRACTORS				
	Return	Average Weight	Contribution	% of Net Assets		Return	Average Weight	Contribution	% of Net Assets
The Charles Schwab Corp. (SCHW)	46.99%	3.83	1.57%	4.2%	SPDR S&P 500 ETF Trust (SPY) +	12.12%	-12.35	-1.47%	-12.9%
Liberty SiriusXM Group - Series A & C (LSXMA/K)	30.87%	5.25	1.47%	6.0%	Invesco QQQ Trust (QQQ) +	13.13%	-4.09	-0.52%	-4.3%
Qurate Retail, Inc. - Series A (QRTEA)	73.56%	2.03	1.23%	2.3%	Sirius XM Holdings, Inc. (SIRI) +	19.13%	-1.17	-0.15%	-1.4%
Berkshire Hathaway Inc. - Class B (BRK.B)	8.89%	12.31	1.18%	11.6%	Qurate Retail Inc. - Series A (QRTEA) Nov 20 8 Call +	56.90%	-0.01	-0.01%	0.0%
Alphabet Inc. - Class C (GOOG)	19.21%	4.99	0.94%	5.2%	Texas Instruments, Inc. (TXN) Nov 20 150 Call +	5.00%	-0.00	-0.00%	0.0%

Source: FactSet Portfolio Analytics

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For the YEAR ending 12/31/2020

TOP CONTRIBUTORS					TOP DETRACTORS				
	Return	Average Weight	Contribution	% of Net Assets		Return	Average Weight	Contribution	% of Net Assets
Qurate Retail, Inc. - Series A (QRTEA)	159.42%	1.48	2.14%	2.3%	Redwood Trust, Inc. (RWT)	-42.62%	0.94	-2.21%	0.0%
Amazon.com, Inc. (AMZN)	76.26%	2.70	2.12%	2.5%	DXC Technology Co. (DXC)	-30.54%	0.79	-1.87%	0.0%
Alphabet Inc. - Class C (GOOG)	31.03%	5.39	1.80%	5.2%	Invesco QQQ Trust (QQQ) +	48.62%	-2.97	-1.43%	0.0%
Facebook, Inc. - Class A (FB)	33.09%	4.21	1.76%	3.7%	Markel Corp. (MKL)	-9.61%	5.34	-0.90%	5.7%
Liberty Broadband Corp. - Series A & C (LBRDA/K)	26.22%	5.23	1.46%	5.1%	Liberty Latin America Ltd. - Class C (LILAK/R)	-39.42%	0.30	-0.68%	0.0%

Source: FactSet Portfolio Analytics

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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 12/31/2020: Aon plc-Class A (AON) 3.3%; Charter Communications, Inc. - Class A (CHTR) 0.0%; Fidelity National Information Services, Inc. (FIS) 2.2%

+Denotes short position

Average Annual Total Returns

AS OF 12/31/2020										
	YTD	1-year	3-year	5-year	10-year	Since Inception*	Inception Date	Net Expense	Gross Expense	
Partners III Opportunity Fund - Investor (WPOIX)	8.82%	8.82%	11.02%	8.71%	8.69%	12.09%	08/01/2011	2.03%	2.03%	
Partners III Opportunity Fund - Institutional (WPOPX)	9.46%	9.46%	11.67%	9.31%	9.13%	12.21%	06/01/1983*	1.44%	1.44%	
Russell 3000®	20.89%	20.89%	14.49%	15.43%	13.79%	11.17%	-	-	-	
S&P 500®	18.40%	18.40%	14.18%	15.22%	13.88%	11.34%	-	-	-	

*Denotes the Fund's inception date and the date from which Since Inception performance is calculated.

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 01/17/2021, 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.

On 12/30/2005, Partners III Opportunity Fund succeeded to substantially all of the assets of Weitz Partners III 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 **Russell 3000** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. 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.

Definitions: Effective net is the **effective long** (the sum of the portfolio's long positions, such as common stocks, or derivatives where the price increases when an index or position rises) minus the **effective short** (the sum of the portfolio's short positions, such as derivatives where the price increases when an index or position falls).

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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). The Fund may invest in undervalued securities, which by definition are out of favor with investors, and there is no way to predict when, if ever, such securities may return to favor.

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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