PARTNERS III OPPORTUNITY FUND

Portfolio Managers: Wally Weitz, CFA & Drew Weitz
Investment Style: Multi-Cap Alternative

The Partners III Opportunity Fund's Institutional Class returned +7.30% in the first quarter compared to +6.17% for the S&P 500 and +6.35% for the Russell 3000. For the fiscal year ending March 31, 2021, the Fund returned +40.11% compared to +56.35% for the S&P 500 and +62.53% for the Russell 3000.

The "reopening" trade that began in earnest with positive vaccine trial results in November continued into the first quarter of the new year. Cyclical businesses that depend on a stronger economy, as well as industries that depend on their customers' ability to be physically present (travel, hospitality, and live events to name a few), have been leading the market higher. Conversely, "stay at home" winners took a breather, as did many of the market's growth darlings as investors were forced to contemplate a future with higher interest rates.

Against this backdrop, the Fund delivered solid returns in the first quarter, with CarMax and Summit Materials sharing the top contributor title. The nationwide rollout of CarMax's omnichannel buying experience (at a dealership, online, or a combination of the two) continues to win fans in the form of new customers and investors alike. Summit enjoyed outsized gains as investors began to anticipate how the new presidential administration's infrastructure plans may result in healthy incremental demand for years to come. Berkshire Hathaway's outperformance, modest by comparison but magnified by its portfolio weight, was also a top contributor.

Enterprise software providers CoStar Group and Black Knight both lagged for the quarter as software companies generally fell out of favor, while Liberty Broadband's modest decline reflects investors' general belief that a government controlled by Democrats (specifically, the Federal Communications Commission) may create a less friendly regulatory environment for cable/broadband providers. Broadband providers have been a popular "political football" for many years, but we judge drastic regulatory changes that negatively impact our investments to be unlikely.

Value Matters: Remembering What Counts

Vaccine distributions and a reopening of the global economy create optimism that the world will be returning to a sense of normal. But current stock and bond valuations give us pause, as the recovery may not be as good, or as quick, as markets seem to be anticipating.

With the benefit of hindsight, we can see that the recent fiscal year began near the pandemic market trough. Given the powerful market rally, twelve-month returns across nearly the entire portfolio were very strong. Berkshire's solid stock performance, coupled with its large position size, earned it the top-contributor moniker for the trailing twelve months. Alphabet and Facebook shares prospered as pandemic lockdowns reinforced the importance and dominance of their digital advertising businesses. LabCorp's COVID-related businesses have generated temporarily elevated earnings and cash flow. Shares rose further as management announced a review of the company's structure and capital allocation strategy in response to an activist campaign. Detractors were few and mostly immaterial, with modest declines experienced by EverArc, Liberty Latin America, and a collection of call options written during the fiscal year.

The top detractors for the quarter and fiscal year were our short positions in ETFs tracking the S&P 500 and Nasdaq 100. Although we report the isolated impact of these shorts each quarter, investors should note they are managed as an integrated piece of the overall portfolio. On a standalone basis, they not surprisingly produced a headwind during the recent prolific rally (just as they provided ballast during last year's market drawdown). We flex the size of these short positions in response to overall market conditions and lean toward (or away from) one index or another under different valuation environments. We also utilize them (and other tools, like options) to manage our long equity exposures. For example, if several of the businesses we own temporarily see their valuations become stretched, increasing the index short position allows us to reduce a portion of that equity risk exposure without selling shares (and potentially realizing taxable gains for shareholders) and remove the potential "timing" decision of when to buy them back.

We were active on both the buy and sell sides of the trading ledger during the quarter. We trimmed several positions on strength and to manage position sizes (including Berkshire Hathaway, CarMax, Intelligent Systems Corporation, Qurate Retail and Charles Schwab). Although we did not exit any positions during the quarter, investors may note that we have call options written against our full position in Summit Materials. As mentioned earlier, we sometimes use options to manage our long equity exposures. In Summit's case, investors' infrastructure enthusiasm drove up both Summit's equity and the premiums (i.e., the price of a call or put option) for option contracts for its shares. By selling call options on our shares and collecting these premiums, we earn some additional "rent" on our shares. Additionally, should Summit's equity price exceed the "strike" prices of these options at their expiration, we believe the potential sale proceeds combined with the premiums already collected would represent an attractive return. Our trims funded new positions in Dun & Bradstreet (detailed below) and AutoZone (a specialty retailer of auto parts and the subject of research analyst Jon Baker's upcoming Analyst Corner feature which provides a deeper dive into our expectations and investment thesis). Our trims also allowed us to continue building our FIS position and make opportunistic additions to Box, Aon, Liberty Broadband and others. In total, our gross long exposure (97% of net assets) and short exposure (18% of net assets) remain generally unchanged, resulting in an effective net long position of 79% of net assets.

Dun & Bradstreet collects and provides proprietary data used by businesses to understand the credit risk of their counterparties. Under the management of its Chairman Bill Foley and CEO Anthony Jabbour, who both joined the company in 2019, Dun & Bradstreet has moved to modernize its technology, improve its sales and contracting practices, invest in new data and capabilities to enhance its value to customers, and evaluate potential acquisitions to boost each of these efforts. Our positive experience with Black Knight (where Foley and Jabbour are also Chairman and CEO, respectively) bolsters our confidence in these efforts while the market takes a "wait and see" approach.

Looking ahead, we are optimistic about global economies reopening, and we feel confident in the ability of our companies to navigate the impact of the pandemic. That said, we are mindful that markets have rebounded ahead of these events, and we remain cautious that the magnitude and speed of the economic recovery may not perfectly align with investor expectations. We believe our portfolio of growing, quality businesses are well-positioned for the next several years, with any interim volatility being a potential opportunity for long-term-minded investors.

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Top Relative Contributors and Detractors

For the **QUARTER** ending 03/31/2021

TOP CONTRIBUTORS	Return	Average Weight	Contribution	% of Net Assets
CarMax,Inc. (KMX)	40.44%	2.70	1.07%	2.2%
Summit Materials, Inc. – Class A (SUM)	39.54%	3.14	1.07%	3.4%
Berkshire Hathaway Inc. – Class B (BRK.B)	10.18%	10.67	1.06%	10.0%
Laboratory Corp. of America Holdings (LH)	25.29%	4.08	1.00%	4.1%
Alphabet Inc. – Class C (GOOG)	18.08%	5.17	0.97%	5.0%

Source: FactSet Portfolio Analytics

TOP DETRACTORS	Return	Average Weight	Contribution	% of Net Assets
SPDR S&P 500 ETF Trust (SPY) †	6.35%	-12.74	-0.80%	-12.9%
Black Knight, Inc. (BKI)	-16.25%	2.02	-0.36%	1.8%
Liberty Broadband Corp. – Series A & C (LBRDA/K)	-6.54%	4.92	-0.30%	5.1%
CoStar Group, Inc. (CSGP)	-11.08%	2.05	-0.23%	2.0%
Visa Inc. – Class A (V)	-3.05%	4.70	-0.18%	4.6%

Source: FactSet Portfolio Analytics

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 03/31/2021: Aon plc – Class A (AON) 4.1%; AutoZone, Inc. (AZO) 1.1%; Box, Inc. (BOX) 1.9%; Dun & Bradstreet Holdings, Inc. (DNB) 1.2%; EverArc Holdings Ltd. (EVRA) 3.5%; Facebook, Inc. – Class A (FB) 4.3%, Fidelity National Information Services, Inc. (FIS) 2.8%; Invesco QQQ Trust (QQQ)† -4.7%; Liberty Latin America Ltd. – Class C (LILAK) 0.0%; Qurate Retail, Inc. – Series A (QRTEA) 1.5%; The Charles Schwab Corp. (SCHW) 3.5%.

†Denotes short position

Average Annual Total Returns

AS OF 03/31/2021	YTD	1-year	3-year	5-year	10-year	Since Inception*	Inception Date	Net Expense	Gross Expense
Partners III Opportunity Fund - Investor (WPOIX)	7.11%	39.25%	12.97%	9.78%	8.55%	12.21%	08/01/2011	2.03%	2.03%
Partners III Opportunity Fund - Institutional (WPOPX)	7.30%	40.11%	13.65%	10.40%	9.01%	12.33%	06/01/1983*	1.44%	1.44%
Russell 3000®	6.35%	62.53%	17.12%	16.64%	13.79%	11.27%	-	-	-
S&P 500®	6.17%	56.35%	16.78%	16.29%	13.91%	11.44%	-	-	-

*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 04/22/2021, 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.

Performance quoted for Investor Class shares before their inception is derived from the historical performance of the Institutional Class shares and has not been adjusted for the expenses of the Institutional Class shares, had they, returns would have been different.

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). **Option premiums** are the current market price of an options contract.

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.

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