

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 -5.09% in the first quarter of 2022 compared with -4.60% for the S&P 500 and -5.28% for the Russell 3000. For the fiscal year ended March 31, 2022, the Fund returned -0.53% compared to +15.65% for the S&P 500 and +11.92% for the Russell 3000.

The year began with a cloudy investment outlook that only grew more tumultuous during the first quarter. The Omicron wave of Covid-19 cases peaked in early January, but global supply chains are far from healthy. By the end of 2021, supply shortages combined with sustained, massive monetary and fiscal stimulus had already stoked the flames of inflation. Anticipating a hawkish shift at the Federal Reserve, investors began the year repricing assets for a higher interest rate environment. The outbreak of war in Ukraine brought senseless death and destruction, injecting further disruption to global markets. Energy prices surged further as importers of Russian oil and natural gas sought alternative supply. Market conditions remain dynamic, and although markets have recovered a portion of their intra-quarter drawdown, we anticipate further volatility ahead.

Fund performance in the quarter was broadly in line with the indexes. For the fiscal year, portfolio prices in aggregate treaded water while the broader indexes moved higher. This stock price performance is disappointing on a relative basis, but we are encouraged by the progress of the underlying businesses we own. When our business value estimates grow despite stagnant stock prices, we believe the outlook for future performance improves. Today, our long equity portfolio is trading at an estimated price-to-value ratio in the low 80s, down from the low 90s a year ago. Of course, returns don't come on a fixed schedule, but due to price drawdowns and our trims and adds to stocks, the portfolio is more attractively priced than a year ago.

The quarter's standout performers were a pair of insurers, Berkshire Hathaway (our largest holding) and Markel. Insurers typically benefit from a strong economy, as pricing tends to improve and the volume of risk to be insured grows. We also expect higher interest rates to translate into higher investment income as insurers recycle premium "float" into higher-yielding securities. Both Berkshire and Markel possess terrific management and top marks as opportunistic capital allocators. Shares of Charles Schwab and Visa produced modestly positive returns, effectively winning by not losing. Amazon.com's stock was down modestly in the quarter, but opportunistic purchases helped the position contribute positively to the Fund. Berkshire and Markel were also at the top of the tables for the fiscal year. Joining them were Google parent Alphabet, Aon and Charles Schwab. All three returned roughly 30% in the first nine months of the fiscal year and outperformed in the first quarter (also mostly by not losing).

A trio of companies (Facebook parent Meta Platforms, CoreCard, and CarMax) appear in our top detractor tables for the quarter and fiscal year. Changes to Apple's mobile operating system have temporarily impacted growth of Meta's advertising business just as the company's investments in Instagram's "Reels" feature ramp ahead of full monetization. (Shareholders can read research analyst Jon Baker's in-depth discussion of current events impacting Meta and reasons why we're optimistic about the company in our recent [Analyst Corner](#) feature.) CoreCard (formerly Intelligent Systems) struggled early in the fiscal year to hire and train staff to handle growth from new and existing clients. Lately, Apple-related headlines also took a bite out of CoreCard shares, as reports suggest Apple is exploring a transition of its credit card and other financial services to internally built solutions. Such a move would create revenue headwinds for its partners, which CoreCard is widely believed to be. We are monitoring these developments and stress-testing our model accordingly. Shares of CarMax have declined as tight used car supply and the increasingly negative impact of inflation may dent the used car dealer's volumes in the near term. Looking longer-term, however, we remain optimistic that CarMax's investments in its omnichannel (in-store, online or hybrid) buying experience, combined with national scale, positions them for success in the future. Liberty Broadband and Liberty SiriusXM round out the list of quarterly detractors, while Fidelity National Information Services (FIS) and Dun & Bradstreet complete the fiscal year table of detractors.

Our index short positions against ETFs tracking market indexes provided helpful ballast during the first quarter drawdown but were otherwise detractors for the fiscal year. During the quarter, we covered roughly 20% of our S&P 500 short and 50% of our Nasdaq 100 short at progressively lower prices. Among our long equities, we added materially to high-conviction holdings Amazon.com, CoStar Group, CarMax and Meta Platforms while trimming Berkshire, Markel, Charles Schwab and all our remaining shares of Aon on strength. We also sold nearly half of our remaining, modest holdings of Qurate common equity, but we retain a more material exposure to Qurate's 8% preferred shares. As of quarter-end, our effective long exposure stood at 95% and effective short exposure at 15%, resulting in an effective net long of 80% of net assets (as compared to 98% gross long, 22% gross short and 76% net long as of December 31, 2021).

WEITZ INVESTMENT INSIGHTS

VALUE MATTERS:

Eyes on the Prize

The Russian invasion of Ukraine, ongoing supply chain disruptions, and skyrocketing inflation all made for an eventful quarter and interesting investing landscape. And while 2022 is already proving to be the "adventure" we expected, we believe it will ultimately create opportunities that can benefit our investors over the long run.

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Top Relative Contributors and Detractors

For the QUARTER ending 03/31/2022

TOP CONTRIBUTORS				
	Return (%)	Average Weight (%)	Contribution (%)	% of Net Assets
Berkshire Hathaway Inc. Class B (BRK.B)	18.04	10.82	1.84	11.7
Markel Corporation (MKL)	19.47	6.61	1.32	6.4
SPDR S&P 500 ETF Trust (SPY) [†]	-5.41	-13.48	0.98	12.2
Invesco QQQ Trust (QQQ) [†]	-9.10	-4.48	0.75	2.9
The Charles Schwab Corp. (SCHW)	0.25	3.08	0.15	2.8

TOP DETRACTORS				
	Return (%)	Average Weight (%)	Contribution (%)	% of Net Assets
Meta Platforms, Inc. (FB)	-34.40	5.17	-1.92	5.5
CoreCard Corporation (CCRD)	-29.36	3.58	-1.17	2.9
Liberty Broadband Corp. Class A & C (LBDRA/K)	-16.80	5.47	-0.99	5.1
CarMax, Inc. (KMX)	-25.70	3.12	-0.82	3.4
Liberty Media Corp. – Series A&C Liberty SiriusXM (LSXMA/K)	-10.08	6.59	-0.76	6.4

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 03/31/2022: Alphabet Inc. – Class C (GOOG) 7.3%, Amazon.com, Inc. (AMZN) 4.5%, Aon PLC (AON) 0.0%, Apple, Inc. (AAPL) 0.0%, CoStar Group, Inc. (CSGP) 3.5%, Dun & Bradstreet Holdings, Inc. (DNB) 3.0%, Fidelity National Information Services, Inc. (FIS) 4.5%, Qurate Retail, Inc. – Class A (QRTEA) 0.4%, Qurate Retail, Inc. Preferred Shares (QRTEP) 3.0%, Visa, Inc. (V) 5.6%.

Average Annual Total Returns (%)

AS OF 03/31/2022

	YTD	1 YR	3 YR	5 YR	10 YR	Since Fund Inception	Inception Date	Net Expense	Gross Expense
Partners III Opportunity Fund - Investor (WPOIX)	-5.18	-1.02	8.86	7.69	7.94	11.85	08/01/2011	1.88%	1.88%
Partners III Opportunity Fund - Institutional (WPOPX)	-5.09	-0.53	9.48	8.29	8.43	11.98	06/01/1983*	1.43%	1.43%
Russell 3000 [®]	-5.28	11.92	18.22	15.39	14.28	11.29	-	-	-
S&P 500 [®]	-4.60	15.65	18.91	15.98	14.62	11.55	-	-	-

*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 04/21/2022, 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.

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 Investor 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 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).

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.

1Q 2022

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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.