

# PARTNERS III OPPORTUNITY FUND

Portfolio Managers: Wally Weitz, CFA® & Drew Weitz

The Partners III Opportunity Fund's Institutional Class returned +5.98% in the fourth quarter, compared to +12.07% for the Russell 3000. For the calendar year, the Fund's Institutional Class returned +17.32%, compared to +25.96% for the Russell 3000.

Strong performance across risk assets during the fourth quarter put an exclamation point on an already good year. Indeed, Fed Chairman Jerome Powell's dovish remarks in late October reinforced expectations of easier financial conditions in 2024, providing fresh fuel for the "everything rally" in risk assets.

Portfolio gains were broad-based in both the quarter and annual timeframes. Top contributors for the year were Meta Platforms, Inc. (META), Amazon.com, Inc. (AMZN), Alphabet, Inc. (GOOG), Microsoft Corp. (MSFT), and Berkshire Hathaway, Inc. (BRK/B). Meta Platforms shares were the standout performer, as its "year of efficiency" (an initiative to cut costs and create a leaner organization) and renewed operating momentum drove a near tripling of its stock price. Amazon, Meta Platforms, and Microsoft also landed spots on the list of quarterly contributors, joined by Visa, Inc. (V) and Liberty Media Corp.-Liberty SiriusXM (LSXMK). Capping off a busy year, in December Liberty SiriusXM announced a transaction that will eliminate its tracking stock structure, leaving all shareholders with direct ownership in SiriusXM Holdings, Inc. (SIRI). Closing next year, the transaction should (finally!) help Liberty investors monetize a portion of the discount on their underlying SiriusXM shares.

The Fund's top detractors in 2023 were CoreCard Corp. (CCRD US), Perimeter Solutions SA (PR), and The Charles Schwab Corporation (SCHW) (sold during the first quarter in the wake of regional bank stresses). CoreCard processes payments for Goldman Sachs Group, Inc.'s (GS) consumer credit card businesses, including its Apple Card partnership. Well-reported strains in the Goldman-Apple partnership (unrelated to CoreCard's performance) have led to speculation that their relationship may soon be terminated. If so, moving the Apple Card to a new partner will take quite some time, giving CoreCard's entrepreneurial management team the opportunity to plan for what comes next. Perimeter is the leading provider of fire retardants and firefighting foam used to combat wildfires. While positive news for residents, acres burned in Perimeter's markets (particularly California) were significantly below average for the second year in a row, diminishing cash flow and obscuring the company's earnings power compared to a more typical year.

Liberty Broadband Corp. (LBRDA), a holding company owning 31% of Charter Communications, Inc. (CHTR), joins CoreCard as a top detractor for the quarter. Shares slumped as Charter's CFO commented at a recent conference that competition for new broadband subscribers remains elevated. Although most investors are singularly focused on current subscriber trends, we believe longer-term growth opportunities from the company's footprint expansion and wireless businesses remain intact. Given the broad strength of equities, the Fund's modest short of an SPDR S&P 500 ETF (SPY) drove negative returns for the quarter and calendar year.

Strength across the portfolio tilted activity toward sales, including trims to Alphabet, Amazon, CoStar Group, Inc. (CSGP), Fidelity National Information Services, Inc. (FIS), Markel Group, Inc. (MKL), Meta Platforms, Roper Technologies, Inc. (ROP), Visa, Inc. (V), and the Qurate Retail, Inc. preferred shares (QRTEP). These were partially offset by opportunistic additions to CarMax, Inc. (KMX) and Liberty Broadband Corp. (LBRDA), as well as the initiating of one new position – Global Payments, Inc. (GPN). Global Payments is a leading provider of payments acceptance services, including roughly four million merchant locations around the world. The payments landscape has grown crowded in recent years with new entrants promising disruptive change. To be sure, the payments industry is competitive, but we believe Global Payments is more durable than other investors fear. As a result, its shares trade at a compelling valuation.

At quarter-end, our gross long position was 95%, up modestly from 92% at the end of September. Our short position was down slightly to roughly 4% of gross assets, resulting in a net long position of approximately 90%.

In each of the past two years, we've been reminded that emotions can drive stock prices in the short term. In 2022, the Federal Reserve's aggressive monetary policy tightening regime to fight inflation, along with near-unanimous recession expectations and geopolitical tensions, left investors fearful and wrestling with a bear market. In 2023, markets soared as a resilient U.S. economy defied those recession calls, and more cooperative inflation readings have the Fed poised for a policy pivot toward cutting interest rates in 2024.

Over the long run, however, we believe what ultimately drives stock prices are companies' operating results and the progression of business value. To be sure, paying attention to which way the macro-economic winds are blowing can be useful. But unfortunately, investors too often become distracted by these perceived headwinds or tailwinds – and stock prices get knocked off their business value course. The coming year has plenty of potentially distracting elements, not least among them a high-stakes U.S. election cycle. Come what may, valuation remains our North Star, and we believe our collection of financially strong, high-quality businesses puts us in a position to earn healthy, risk-adjusted returns.



**VALUE MATTERS:**  
"Avoid Crazy" and Stay  
Focused

*In a market environment that could be unsettled by changes in monetary policy, wars overseas, and a high-stakes election - investors may want to heed the advice of Charlie Munger to "avoid crazy" and remain focused on the long term.*

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**Top Relative Contributors and Detractors**

TOP CONTRIBUTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Amazon.com, Inc.	19.53	5.25	1.06	4.9
Meta Platforms, Inc.	17.92	4.01	0.70	3.9
Visa, Inc.	13.40	5.13	0.68	5.2
Microsoft Corp.	19.34	3.55	0.66	3.7
Liberty Media Corp.-Liberty SiriusXM	13.02	4.06	0.53	4.4

TOP DETRACTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
CoreCard Corp.	-30.85	2.14	-0.84	1.7
Liberty Broadband Corp.	-11.68	5.16	-0.64	5.5
SPDR S&P 500 ETF Trust	11.22	-4.45	-0.51	-4.7
Markel Group, Inc.	-3.83	3.88	-0.17	3.1
Live Nation Entertainment, Inc.	12.72	-0.54	-0.07	-0.6

Data is for the quarter ending 12/31/2023. 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 12/31/2023: Alphabet, Inc., 6.3%; Apple, Inc., 0.0%; Berkshire Hathaway, Inc., 10.4%; CarMax, Inc., 4.2%; Charter Communications, Inc., 0.0%; CoStar Group, Inc., 3.0%; Fidelity National Information Services, Inc., 3.0%; Global Payments, Inc., 2.8%; Goldman Sachs Group, Inc., 0.0%; Perimeter Solutions SA, 1.8%; Qurate Retail, Inc., 1.4%; Roper Technologies, Inc., 3.4%; SiriusXM Holdings, Inc., 0.0%; and The Charles Schwab Corporation, 0.0%.

†Denotes short position

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	40-YR	(6/1/1983)		
<b>WPOPX</b> Institutional Class	5.98	17.32	17.32	0.76	8.49	4.47	6.99	10.01	11.30	11.32	1.19	1.19
<b>WPOIX</b> Investor Class	5.78	16.51	16.51	0.18	7.86	3.94	6.68	9.80	11.14	11.16	1.75	1.75
Russell 3000 Index	12.07	25.96	25.96	8.54	15.15	11.47	9.66	10.03	11.09	10.97	-	-
S&P 500 Index	11.69	26.29	26.29	10.00	15.68	12.03	9.68	10.14	11.31	11.25	-	-

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**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](http://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.

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 12/30/2005, 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 (08/01/2011) 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.

**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](http://weitzinvestments.com) or from a financial advisor. Please read the prospectus carefully before investing.**

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