

# PARTNERS VALUE FUND

Portfolio Managers: Wally Weitz, CFA & Brad Hinton, CFA & Drew Weitz  
Investment Style: Multi-Cap Equity

The Partners Value Fund's Institutional Class returned +8.46% for the fourth quarter compared to +7.18% for the Russell 3000. For the calendar year, the Fund's Institutional Class returned -21.07% compared to -19.21% for the Russell 3000.

The fourth quarter provided a welcome respite from an otherwise dreary year for investors. While the Federal Reserve stayed the course in raising short-term interest rates to tame inflation, it slowed the pace of increases in December. The Fed is likely to raise rates a few more notches and then hold them there for most or all of 2023. The economy has absorbed the initial shock to the system, and companies are adapting to the new reality. Most of our businesses are managing well through this more difficult environment.

Please see this quarter's "Value Matters" for additional discussion of the macro picture. As we wrote last quarter, monetary policy works with a meaningful lag. While we cannot predict the full economic impact of the Fed's actions, it seems clear that there will be both intended *and* unintended consequences along the way. Earnings are the wildcard with a potential recession looming on the horizon. In our view, the case for owning durable, resilient, and adaptable businesses has never been stronger. We like our collection of companies, and we think their stocks are generally priced at sensible (or better) levels.

Berkshire Hathaway, Mastercard, Visa, and Markel were among the Fund's largest quarterly contributors, all posting returns of 15% or more. Alphabet, CarMax, Meta Platforms, and Black Knight were the Fund's largest quarterly detractors. Both the "winners" and the "losers" on the list continue to trade at discounts to our value estimates, and we still own them all.

Gartner, CoStar Group, Danaher, Charles Schwab, and Markel were the Fund's largest contributors for the calendar year, as the strong fourth quarter tide lifted more boats. Of course, the story for 2022 was on the other side of the ledger. The Fund's most significant detractors for the year included Alphabet, Liberty Broadband, Meta Platforms, CarMax, and Liberty SiriusXM Group.

It was an interesting year. Despite a few extreme and high-profile detractors (notably Alphabet, Liberty Broadband, and Meta), the Fund's large-cap basket (for this purpose, companies with market capitalization greater than \$30 billion) held up quite well. The story for the Fund's mid-cap basket (for this purpose, companies with market capitalization less than \$30 billion) was different — with many of our mid-cap stocks down more than 20% for the year. After selling three lower-conviction detractors, we feel very good about the outlook for our other companies that landed in the 2022 doghouse. The diverse mid-cap collection spans six sectors with vastly different profit drivers. As a group, the companies trade at roughly two-thirds of our value estimates. We especially welcome the breadth of return potential from this area of the portfolio.

During the quarter, we added to the Fund's holdings in Meta Platforms, First Republic, and Guidewire Software. The Meta purchases have been especially timely thus far. We exited positions in MarketAxess Holdings, Dun & Bradstreet, and ACI Worldwide to concentrate in higher-conviction ideas and to capture tax losses. We also trimmed the Fund's holdings in Axalta Coating Systems, Liberty Global, Markel, IDEX, and a handful of others to help rebalance the portfolio.

Our team's new-idea engine continued to pay dividends. Recent additions Gartner and Danaher were among the Fund's best performers for the year, thanks to solid legwork and timely recommendations from research analysts Jon Baker and Nathan Ritz, respectively. While early wins are nice, we are more excited about the portfolio diversity and long-term prospects these highly cash generative businesses bring to the Fund.

After a disappointing 2022 where much of the pain was front-loaded, we are optimistic about the prospects for the next several years. First, we see outsized return potential from a handful of beaten-down stocks like Meta, CarMax, Liberty Broadband, and Alphabet. Second, we see healthier return potential from companies whose valuations reset to discounted levels last year, especially in the mid-cap area. Third, we think the Fund's companies will continue to adapt and find ways to grow business value over the 2023 to 2025 timeframe. Over time, value growth should ultimately outweigh any short-term trading noise for patient investors.

We believe that investing in businesses of all sizes, using our Quality at a Discount framework, is an enduring advantage of a multi-cap strategy. Valuation remains our North Star, and we think our stocks are priced at healthy discounts to business value. Our current estimate is that the portfolio trades at a price-to-value in the mid 70s — a level that suggests ample long-term return potential from both our mid- and large-cap holdings.



## VALUE MATTERS: What to Do When Others are Fearful

*As we enter into a new year, fears over economic weakness and a potential recession continue to fuel the bear market. But bear markets tend to end when least expected, and we stand ready to take advantage of opportunities to buy high-quality stocks at discounted prices.*

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**Top Relative Contributors and Detractors**

TOP CONTRIBUTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Berkshire Hathaway, Inc.	15.68	7.56	1.13	8.2
Mastercard, Inc.	22.48	4.19	0.82	4.6
Visa, Inc.	17.19	4.75	0.73	5.1
CoStar Group, Inc.	11.03	5.84	0.64	5.8
Markel Corp.	21.39	3.27	0.64	3.2

TOP DETRACTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Alphabet, Inc.	-7.72	6.73	-0.53	6.5
CarMax, Inc.	-7.77	2.62	-0.21	2.6
Meta Platforms, Inc.	-11.16	2.35	-0.21	2.7
Black Knight, Inc.	-4.60	2.48	-0.15	2.6
First Republic Bank	-6.84	2.28	-0.14	2.4

Data is for the quarter ending 12/31/2022. 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 12/31/2022: ACI Worldwide, Inc., 0.0%; Axalta Coating Systems Ltd., 2.1%; Danaher Corp., 3.2%; Dun & Bradstreet Holdings, Inc., 0.0%; Gartner, Inc., 3.1%; Guidewire Software, Inc., 2.2%; IDEX Corp., 2.1%; Liberty Broadband Corp., 3.4%; Liberty Global PLC, 2.7%; Liberty Media Corp-Liberty SiriusXM, 5.2%; MarketAxess Holdings, Inc., 0.0%; The Charles Schwab Corp., 3.3%.

	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	35-YR	(6/1/1983)		
	<b>WPVIX</b> Institutional Class	8.46	-21.07	-21.07	1.76	4.56	6.68	6.85	9.53	10.13		
<b>WPVLX</b> Investor Class	8.40	-21.21	-21.21	1.55	4.31	6.48	6.75	9.46	10.07	10.84	1.09	1.09
Russell 3000 Index	7.18	-19.21	-19.21	7.06	8.78	12.13	9.88	9.56	10.48	10.62	-	-
S&P 500 Index	7.56	-18.11	-18.11	7.65	9.42	12.55	9.79	9.64	10.50	10.89	-	-

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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. 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 12/31/1993, Partners Value Fund succeeded to substantially all of the assets of Weitz Partners II 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 Advisor. 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 Institutional Class shares before their inception is derived from the historical performance of the Investor Class shares and has not been adjusted for the expenses of the Institutional 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.

**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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