

PARTNERS VALUE FUND

Portfolio Managers: Wally Weitz, CFA, and Brad Hinton, CFA

Investment Style: Multi-Cap Value

The Partners Value Fund's Institutional Class returned +18.28% during the second quarter compared to +22.03% for the Russell 3000 and +20.54% for the S&P 500 (the Fund's primary benchmark). Year to date, the Fund's Institutional Class returned -12.78% compared to -3.48% for the Russell 3000 and -3.08% for the S&P 500.

After a first-quarter meltdown for the ages, stocks roared back to life as Mr. Market gave investors whiplash in the second quarter. Animal spirits were fueled by a combination of depressed starting prices, unprecedented support from the Federal Reserve and U.S. Treasury, and investor optimism that human ingenuity would eventually contain COVID-19. Our portfolio participated heartily in the rebound, though our benchmark index bounced even more.

Before we get into stock specifics, we offer some context on an unforgettable first half. The March swoon was particularly harsh for small-cap stocks, mid-cap stocks and all but the highest-quality companies. Despite the second quarter rebound, the typical stock fared far worse than the widely reported indices for the first six months of 2020. Witness the following year-to-date returns by size and style:

RUSSELL INDEX RETURNS (YTD)

	Value	Core	Growth
Large	-16.3%	-2.8%	9.8%
Mid	-18.1%	-9.1%	4.2%
Small	-23.5%	-13.0%	-3.1%

Two big takeaways: 1) company size mattered, with large besting small and 2) growth continued to outpace value and core by a wide margin. The Fund's experience rhymes with these themes. Our investments in smaller and medium-sized companies (market caps under \$20 billion) contributed **more than 90%** of the Fund's year-to-date negative return. In contrast, our larger company stocks collectively held up much better, with growth holdings leading the way. The portfolio pain was most acute among our mid-quality companies, which – not surprisingly – have a value tilt. We believe that carefully curated, mid-quality stocks with well-researched paths to improvement can add excess return over time for patient investors.

The potential edge of this strategy is the very thing that has held it back in recent years. We invest with a free-range, go-anywhere approach, which means we own companies across the size and style spectrum. We think investing in businesses of all sizes, with a valuation-focused lens, should be an enduring advantage of a multi-cap strategy. Style headwinds notwithstanding, we also need to improve our execution. We continue to roll out enhancements in research process and portfolio management, which we will discuss more fully in future updates.

CarMax posted the Fund's strongest quarterly percentage gain, making up lost ground while riding a renewed tailwind of consumer discretionary sentiment. The company's prescient omnichannel rollout is likely to meet an accelerating trend in car buying behavior. LabCorp and Alphabet also posted robust gains in the quarter and remain core holdings. The quarter's only modest detractors were Liberty Latin America, Berkshire Hathaway and Markel. We think all three stocks are meaningfully undervalued. Please see our latest [Value Matters](#) for our take on Berkshire Hathaway's increasingly favorable risk-reward skew.

Digital advertising giants Facebook and Alphabet paced the Fund's year-to-date contributors. Both have extremely powerful business models, pristine balance sheets and stocks that trade at moderately discounted valuations. Both also live in the spotlight's glare with distinct regulatory risks. With these risks in mind, we have managed our collective position sizing in these companies. Software maker Box rallied on enthusiasm for their enterprise content management and security solutions as workplace dynamics evolve.

A trio of small-cap value stocks headlined year-to-date detractors. We wrote about Redwood Trust's challenges last quarter. After weathering the worst of the storm, the mortgage REIT's stock rallied 41% in the second quarter. We continue to monitor conditions closely as management has more hard work ahead. Liberty Latin America's stock declined as social unrest and escalating COVID-19 threats roiled the region. We think the company's sturdy business and recent strategic moves position it to withstand the near-term challenges. As mentioned last quarter, we sold Colfax at a loss earlier in the year.

We continued to tune the portfolio in response to shifting risk-reward dynamics as the market rallied. We increased position sizes in CoStar Group, Aon, HEICO and IDEX at compelling prices. We sold Marvell Technology at a significant gain as the stock approached our value estimate. We also trimmed position sizes in Black Knight and Liberty Broadband, among others, on intra-quarter price strength. We did not add any new stocks to the portfolio during the quarter.

Valuation remains our North Star, and we think our stocks are attractively priced despite the mixed headlines and hazy 2020 outlook. Appraisals are more fluid than usual given the extreme nature of the COVID-19 disruption. Our current view is that the portfolio trades at a price-to-value in the low 80s. Even with some margin for error, these discounted valuation levels suggest above-average long-term return potential.

Value Matters: Cautious Optimism in a World of Unknowns

After a historic market rally in the second quarter, we're not out of the woods just yet - but investors should feel good about the future.

Top Relative Contributors and Detractors

For the QUARTER ending 06/30/2020

TOP CONTRIBUTORS					TOP DETRACTORS				
	Return	Average Weight	Contribution	% of Net Assets		Return	Average Weight	Contribution	% of Net Assets
CarMax, Inc. (KMX)	66.36%	3.20	1.71%	3.5%	Liberty Latin America Ltd.-Class C (LILAK)	-7.99%	2.18	-0.21%	2.0%
Laboratory Corp. of America Holdings (LH)	31.43%	4.53	1.57%	4.4%	Berkshire Hathaway Inc.-Class B (BRK.B)	-2.36%	6.51	-0.14%	6.4%
Alphabet, Inc.-Class C (GOOG)	21.57%	6.20	1.35%	6.0%	Markel Corp. (MKL)	-0.51%	3.03	-0.05%	3.1%
Facebook, Inc.-Class A (FB)	36.13%	3.38	1.10%	3.4%					
Liberty Global plc-Class C (LBTYK)	36.92%	3.33	1.09%	3.6%					

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 06/30/2020: Aon plc-Class A (AON) 3.3%; Black Knight, Inc. (BKI) 3.0%; Box, Inc.-Class A (BOX) 2.2%; Colfax Corp. (CFX) 0.0%; CoStar Group, Inc. (CSGP) 3.6%; HEICO Corp.-Class A (HEI.A) 2.2%; IDEX Corp. (IEX) 1.5%; Liberty Broadband Corp-Series A & C 5.8%; Marvell Technology Group Ltd. (MRVL) 0.0%; Redwood Trust, Inc. (RWT) 1.9%.

Average Annual Total Returns

AS OF 06/30/2020

	YTD	1-year	3-year	5-year	10-year	Since Inception*	Inception Date	Net Expense	Gross Expense
Partners Value Fund - Investor (WPVLX)	-12.89%	-5.06%	2.17%	2.11%	8.48%	11.06%	06/01/1983*	1.09%	1.27%
Partners Value Fund - Institutional (WPVIX)	-12.78%	-4.82%	2.43%	2.37%	8.64%	11.10%	07/31/2014	0.89%	1.07%
Russell 3000®	-3.48%	6.53%	10.04%	10.03%	13.72%	10.66%	-	-	-
S&P 500®	-3.08%	7.51%	10.73%	10.73%	13.99%	10.90%	-	-	-

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

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. 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 07/31/2020.

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, if any; total returns would have been lower had there been no waivers or reimbursements.

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 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 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.

The views and opinions expressed here are those of the portfolio managers as of 07/20/2020, are subject to change with market conditions, and are not meant as investment advice. For informational purposes only. Not an investment recommendation.

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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