

PARTNERS VALUE FUND

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

Investment Style: Multi-Cap Value

The Partners Value Fund's Institutional Class returned +0.03% for the third quarter compared to +0.58% for the S&P 500 and -0.10% for the Russell 3000. Year to date, the Fund's Institutional Class returned +16.61% compared to +15.92% for the S&P 500 and +14.99% for the Russell 3000.

While it has been a strong year for stock investors, subdued third-quarter results reflected growing crosscurrents. The U.S. economy has been growing nicely, albeit at a slowing pace due to supply chain disruptions, wage pressures, raw material inflation, and so on. Monetary and fiscal stimulus continues to course through the system, though the Federal Reserve expects to start siphoning from the punch bowl later this year, recently indicating intentions to start tapering its quantitative easing program. Policymakers in Washington remain an important wildcard with more government spending and taxes in the pipeline.

In our view, the backdrop remains broadly constructive but far from placid. We see less margin for error in the markets and the economy. And while some macro bumps seem plausible, we aim to partner with management teams that can ably steer their businesses through choppy waters. Through it all, our companies are still finding ways to grow business value.

Aon plc paced the Fund's quarterly contributors with a near 20% return. Best known as a leading global insurance broker, Aon provides advice and solutions to clients in risk, retirement, and health. The business enjoys strong, sustainable organic revenue growth, bolstered by margin expansion and effective capital deployment to drive free cash flow per share. Aon management showed discipline in terminating the Willis Towers Watson deal when demands from the Department of Justice proved onerous. Other quarterly contributors included digital advertising giant Alphabet (Google's parent company) and auto parts retailer AutoZone. AutoZone has been in the right place at the right time during the pandemic, but the company has also executed very well and taken sustainable market share. Our business value estimate rose materially due to well-above-trend revenue growth paired with a brighter long-term margin outlook.

Dun & Bradstreet was the largest detractor to quarterly results. While, in retrospect, we got started buying a little early, the thesis we described last quarter for this business data provider remains intact. Dun & Bradstreet is a show-me story, which often means that returns may come in bunches. We can't predict the timing, but we think the upside potential will be worth the wait. Other quarterly detractors included bank software provider ACI Worldwide and international communications company Liberty Latin America. We sold roughly two-thirds of our ACI position at strong gains when takeout chatter peaked earlier in the year.

The stock has drifted lower since then, and the next potential catalyst is an upcoming analyst day in November. Liberty Latin America's stock has always been volatile, but president and CEO Balan Nair and his team are steadfastly focused on improving the business. Their latest strategic move is a proposed 50:50 joint venture with América Móvil to combine the companies' Chilean operations (VTR and Claro Chile, respectively).

Year-to-date, Alphabet has been the Fund's largest contributor by far with a gain of more than 50%. Digital advertising is a tremendous business with room to run, and the Google Cloud Platform provides another open-ended growth avenue. Labcorp, another year-to-date contributor, has benefited from helping society deal with the COVID pandemic. Core lab testing volumes have recovered as the economy reopens, and Labcorp's drug development business also has performed well. Charles Schwab has also been a contributor year-to-date, as the company has continued to grow client assets while integrating the TD Ameritrade acquisition. The stock rebounded along with other rate-sensitive financials, yet we own it for its robust earning potential a few years out. Beyond these specific examples, the breadth of the winners has been the real story for 2021 so far.

Software and information service companies Black Knight, Guidewire, and Dun & Bradstreet have been the most significant year-to-date detractors. Black Knight provides software solutions to the mortgage industry, and while the stock has been a solid performer over our nearly three-year ownership, it has drifted lower from elevated levels after its Optimal Blue acquisition in 2020. We own this durable business for its ability to steadily compound value, and over time we expect the stock price to follow. Guidewire is a leading provider of enterprise software for the insurance industry. The company is methodically transitioning clients from on-premise software to the cloud, and we are confident that this multi-year path will result in satisfied customers and strong economics for owners.

After adding several stocks in the first half of the year, our team's research activity outpaced our trading activity in the third quarter. We like what we own, and we think our companies are priced to deliver solid multi-year returns. We also think volatility may increase given the previously described crosscurrents, which we think will favor active management. We have plenty of actionable raw material to fuel discussions and debates as the competition for capital heats up.

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. Recent mid-cap additions such as AutoZone, Dun & Bradstreet, First Republic Bank, HEICO, IDEX, and MarketAxess are well aligned with our collective vision for a successful "go anywhere" equity portfolio. We look forward to building on the Fund's recent momentum.

Valuation remains our North Star, and we think our stocks remain reasonably priced following strong year-to-date returns. Business value growth has been solid and encouraging. Our current estimation is that the portfolio trades at a price-to-value in the low-90s. These valuation levels suggest adequate long-term return potential from both our mid- and large-cap holdings.

WEITZ INVESTMENT INSIGHTS

VALUE MATTERS:

Bring It On

The bull market that began after the initial shock of the pandemic has been good for most investors. But sooner or later, all good things must come to an end. And whenever the tide eventually turns, we'll be ready to take advantage.

[Read More →](#)

Top Relative Contributors and Detractors

For the QUARTER ending 09/30/2021

TOP CONTRIBUTORS				
	Return	Average Weight	Contribution	% of Net Assets
Aon PLC (AON)	19.92%	4.37	0.75%	4.7%
Alphabet Inc. - Class C (GOOG)	6.34%	7.26	0.41%	7.2%
AutoZone, Inc. (AZO)	13.79%	2.47	0.33%	2.7%
Liberty Global plc – Class C	8.95%	3.65	0.30%	4.0%
Guidewire Software, Inc. (GWRE)	5.46%	2.52	0.13%	2.7%

Source: FactSet Portfolio Analytics

TOP DETRACTORS				
	Return	Average Weight	Contribution	% of Net Assets
Dun & Bradstreet Holdings, Inc. (DNB)	-21.34%	1.74	-0.41%	1.6%
ACI Worldwide, Inc. (ACIW)	-17.26%	1.09	-0.21%	1.0%
Liberty Latin America Ltd. – Class C (LILAK)	-6.95%	3.00	-0.20%	3.0%
MarketAxess Holdings, Inc. (MKTX)	-9.13%	2.01	-0.17%	1.9%
Visa Inc. – Class A (V)	-4.60%	3.94	-0.17%	3.9%

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 09/30/2021: América Móvil S.A.B. de C.V. (AMX) 0.0%, Black Knight, Inc. (BKI) 2.2%, First Republic Bank (FRC) 2.3%, HEICO Corp. – Class A (HEI) 2.7%, IDEX Corp. (IEX) 1.6%, Laboratory Corp. of America Holdings (LH) 3.9%, MarketAxess Holdings, Inc. (MKTX) 1.9%, The Charles Schwab Corp. (SCHW) 4.4%, Willis Towers Watson PLC (WLTW) 0.0%.

Average Annual Total Returns

AS OF 09/30/2021

	YTD	1 YR	3 YR	5 YR	10 YR	Since Fund Inception	Inception Date	Net Expense	Gross Expense
Partners Value Fund - Investor (WPVLX)	16.44%	34.29%	11.94%	10.86%	11.45%	11.74%	06/01/1983*	1.07%	1.07%
Partners Value Fund - Institutional (WPVIX)	16.61%	34.53%	12.20%	11.13%	11.63%	11.79%	07/31/2014	0.89%	0.89%
Russell 3000®	14.99%	31.88%	15.98%	16.84%	16.59%	11.35%	-	-	-
S&P 500®	15.92%	30.01%	15.98%	16.89%	16.61%	11.54%	-	-	-

*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 10/19/2021, 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. 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 07/31/2022.

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.

3Q 2021

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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 or from a financial advisor. Please read the prospectus carefully before investing.

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