

# 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 -14.94% for the second quarter compared to -16.10% for the S&P 500 and -16.70% for the Russell 3000. Year-to-date, the Fund's Institutional Class has returned -22.32% compared to -19.96% for the S&P 500 and -21.10% for the Russell 3000.

It has been a rough six months for stock investors. Stubbornly persistent inflation at 40-year highs is a serious issue. The Federal Reserve has taken increasingly aggressive monetary policy steps to try to tamp it down. To date, the Fed has raised short-term interest rates three times, in larger increments than they have used in over 20 years. More rate hikes are on the horizon, and investors are concerned that the Fed won't stop until we have a recession. With this backdrop, prices for stocks and other risk assets continued to decline.

Bear markets are painful, but they are a normal and inevitable part of investing. Lower stock prices, of course, are also the silver lining. From these price levels, things don't have to go perfectly for our companies, and one certainty is that they won't. Our long-term confidence stems from the resiliency, adaptability, and durability of our portfolio companies. Our businesses are geared to survive and eventually thrive through tougher times. We look forward to reporting on their continued progress.

Berkshire Hathaway, Alphabet, Liberty SiriusXM, Meta Platforms, and Vulcan Materials were the Fund's largest quarterly detractors. The price declines largely reflected growing recession fears. Investors worried about the outlook for digital advertising (Alphabet and Meta), economically sensitive construction aggregates (Vulcan), and consumer discretionary spending (Liberty SiriusXM). The story was similar at a raft of other companies whose stocks declined more than 10% during the quarter. While we may see some earnings resets, stocks are forward-looking and no longer reflect "blue sky" outlooks at these prices. Positive contributors for the quarter included Black Knight (thanks to news of a potential buyout), LKQ Corp (due to strong operational execution), and Danaher (because of a favorable entry price).

Meta Platforms, Alphabet, and Liberty SiriusXM were also the Fund's largest year-to-date detractors, with Liberty Broadband and CarMax rounding out the laggards list. We think all five stocks are priced at wide discounts to their business values, and we remain patient owners, as the potential upside should be worth the wait. Markel was the Fund's only positive contributor in the first half with a modest, single-digit return. While the Markel team is doing a fine job, we trimmed our shares by more than 20% during the second quarter to reinvest in more discounted opportunities.

During the quarter, we sold the Fund's AutoZone holdings at a substantial profit as the stock traded above our value estimate. Research analyst Jon Baker made an outstanding buy recommendation back in late 2020, and the stock has nearly doubled since then. AutoZone's management team has done a terrific job, the business is humming, and the stock has clear momentum in this economic and market environment. While selling a winner with positive trends is not especially comfortable, our discipline combined with the wider opportunity set drove the decision. To echo AutoZone's famous jingle, we would gladly "Get in the Zone" again at the right price.

We bought a new position in life sciences leader Danaher as the broad market sell-off accelerated. We have owned Danaher for nearly five years in other Weitz strategies, and we are delighted to add it to the Fund at a satisfactory price. Danaher has strong competitive positions across life sciences, diagnostics, water analytics, and product identification. The company has a world-class management team guided by lean culture and the heralded Danaher Business System. Stay tuned for our upcoming Analyst Corner feature, where research analyst Nathan Ritz will outline our current investment thesis for Danaher.

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 Gartner, AutoZone, Dun & Bradstreet, First Republic Bank, HEICO, IDEX, and MarketAxess align with our collective vision for a successful "go anywhere" equity portfolio. If 2022's volatility continues, we think active managers with a broad mandate will have even more opportunities to add value and earn their keep.

Valuation remains our North Star, and we think our stocks are priced at increasing discounts to business value. Our current estimate is that the portfolio trades at a price-to-value in the high 60's — a level that suggests ample long-term return potential from both our mid- and large-cap holdings.



## VALUE MATTERS: Certain Uncertainty

*After a rough first half of the year for stocks and bonds, the world continues to face questions related to inflation, interest rates, and earnings — wars, pandemics, and politics. And while uncertainty is a permanent condition for investors, the important thing is to own quality businesses with competent management teams that can cope with change and adversity.*

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**Top Relative Contributors and Detractors**

TOP CONTRIBUTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
LKQ Corp.	8.63	3.05	0.18	3.3
Black Knight, Inc.	12.76	2.38	0.17	2.6
Danaher Corp.	6.43	1.27	0.14	2.6

TOP DETRACTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Berkshire Hathaway, Inc.	-22.64	6.94	-1.68	6.6
Alphabet, Inc.	-21.69	7.23	-1.61	7.3
Liberty Media Corp-Liberty SiriusXM	-21.17	5.00	-1.10	4.9
Meta Platforms, Inc.	-27.48	2.99	-0.88	2.7
Vulcan Materials Co.	-22.45	3.05	-0.75	2.9

Data is for the quarter ending 06/30/2022. 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 06/30/2022: AutoZone, Inc. 0.0%, CarMax, Inc. 3.5%, Dun & Bradstreet Holdings, Inc. 1.8%, First Republic Bank 2.3%, Gartner, Inc. 2.0%, HEICO Corp. 3.1%, IDEX Corp. 1.8%, Liberty Broadband Corp. 4.7%, Market Corp. 3.5%, and MarketAxess Holdings, Inc. 2.0%.

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	35-YR	(6/1/1983)		
WPVIX Institutional Class	-14.94	-22.32	-17.49	4.21	5.02	7.36	6.55	9.82	9.94	11.00	0.89	0.91
WPVLX Investor Class	-14.95	-22.35	-17.63	4.00	4.79	7.17	6.46	9.76	9.88	10.95	1.09	1.09
Russell 3000 Index	-16.70	-21.10	-13.87	9.77	10.59	12.57	9.13	9.84	9.77	10.70	-	-
S&P 500 Index	-16.10	-19.96	-10.62	10.59	11.30	12.95	9.07	9.85	9.82	10.97	-	-

Data is for the quarter ending 06/30/2022. 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 07/20/2022, 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](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.**

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