

# 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 -6.32% for the third quarter compared to -4.46% for the Russell 3000. Year-to-date, the Fund's Institutional Class has returned -27.22% compared to -24.62% for the Russell 3000.

The third quarter was another adventure for investors. Stocks staged a classic bear market rally for the better part of two months. Then in late August, Fed Chair Jerome Powell quickly changed the mood at the Jackson Hole Economic Symposium. He opened his speech by saying “Today, my remarks will be shorter, my focus narrower, and my message more direct.” Direct, it was. Job one would be taming inflation. To that end, the Fed would continue to raise interest rates via “forceful and rapid steps to moderate demand.” Chair Powell suggested clearly that the path ahead would “bring some pain to households and businesses.” Investors got the message and scrambled for cover, with the broad stock indexes declining to fresh 2022 lows at quarter-end.

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. Near-term 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.

CoStar Group, Charles Schwab, Vulcan Materials, and Gartner were the Fund's largest quarterly contributors, all posting double-digit returns. Liberty Broadband, CarMax, Liberty Global, and Alphabet were the Fund's largest quarterly detractors, with declines ranging from 12% at Alphabet to 36% at Liberty Broadband. Perhaps fitting for a bear market, we think the “winners” and the “losers” on the list continue to trade at discounts to our value estimates. We still own them all.

Liberty Broadband, Alphabet, Meta Platforms, CarMax, and Liberty Global were the Fund's largest year-to-date detractors. A new “Class of 2022” position in Danaher was the Fund's only positive year-to-date contributor. Gartner, CoStar Group, Charles Schwab, and AutoZone were also relative bright spots. These stocks held up far better than the market, helping to cushion the Fund's year-to-date decline.

Cable broadband stocks have been pummeled as lackluster customer additions fell well short of expectations. Competitive intensity has increased as fixed wireless internet and fiber network alternatives gain subscribers. While more competition is never helpful, our broad take is that current trends overstate the long-term threat. Liberty Broadband's primary asset is a 26% stake in Charter Communications. Charter is not sitting still; the company is adapting via footprint expansion into underserved areas, price-advantaged mobile line growth, and so on. Charter's hefty free cash flows are valuable in the hands of proven, astute capital allocators. Time will tell, but to paraphrase country music artist Merle Haggard, we do not yet think cable's good times are really over for good.

CarMax and Liberty Global detracted from results, and unfortunately both stocks may require some patience. Used car demand softened as vehicle prices remained high and borrowing costs rose, reducing affordability. CarMax's unit volumes fell, while expenses continued to rise as the company invests for the omnichannel future. While the company continued to gain market share, near-term earnings will suffer. We think CarMax is well-positioned to weather the cyclical storm, but for now the stock is in the penalty box. Liberty Global owns a collection of European broadband providers that trade at a clear discount to our value estimate. In this bear market, investors have little tolerance for structural complexity, heavy U.K. exposure, stable but uninspiring operating results, and sum-of-the-parts math. The company is committed to taking advantage of relative valuation disparities, but bold strategic moves take time. We think it will be worth the wait.

CoStar Group posted strong quarterly results across its main business lines, and trends notably improved in their closely watched Apartments.com business. CoStar was also added to the S&P 500, providing another demand boost for the stock. We sold some shares into the price strength simply to keep a lid on position size. We trimmed Dun & Bradstreet and Liberty Latin America to concentrate in higher-conviction ideas, and we lightly pared the Fund's Liberty Global holdings to match our risk appetite.

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 increasing discounts to business value. And while things may seem cloudy now, our current estimate is that the portfolio trades at a price-to-value in the mid 60s — a level that suggests ample long-term return potential from both our mid- and large-cap holdings.



## VALUE MATTERS: Don't Wait for the Robins

*In a market being driven by fear, investors must remember that temporary slowdowns do not impair the business value of strong companies. And while bear markets may be painful, history has shown that they can end when you least expect it.*

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## Top Relative Contributors and Detractors

TOP CONTRIBUTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
CoStar Group, Inc.	15.24	5.14	0.67	5.6
The Charles Schwab Corp.	14.10	2.75	0.28	3.2
Vulcan Materials Co.	11.25	3.16	0.26	3.5
Gartner, Inc.	14.42	2.29	0.21	2.6
HEICO Corp.	8.77	3.37	0.18	3.6

TOP DETRACTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Liberty Broadband Corp.	-36.18	4.24	-1.61	3.3
CarMax, Inc.	-27.03	3.43	-0.90	2.8
Liberty Global PLC	-25.31	3.48	-0.84	2.9
Alphabet, Inc.	-12.09	7.21	-0.82	7.0
Markel Corp.	-16.16	3.22	-0.55	3.2

Data is for the quarter ending 09/30/2022. 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 09/30/2022: AutoZone, Inc. 0.0%, Charter Communications, Inc. 0.0%, Danaher Corp. 2.8%, Dun & Bradstreet Holdings, Inc. 1.2%, Liberty Latin America Ltd. 1.8%, and Meta Platforms, Inc. 2.5%.

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	-6.32	-27.22	-22.72	1.34	3.25	6.12	6.97	9.56	9.60	10.74	0.89	0.91
WPVLX Investor Class	-6.39	-27.32	-22.87	1.13	3.01	5.93	6.87	9.50	9.54	10.69	1.09	1.09
Russell 3000 Index	-4.46	-24.62	-17.63	7.69	8.61	11.38	9.92	9.56	9.45	10.50	-	-
S&P 500 Index	-4.88	-23.87	-15.47	8.15	9.23	11.69	9.83	9.55	9.47	10.76	-	-

Data is for the quarter ending 09/30/2022. 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 10/20/2022, 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 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.

**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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