

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 +2.03% for the first quarter compared to +7.18% for the Russell 3000. For the fiscal year ended March 31, 2023, the Fund's Institutional Class returned -11.81% compared to -8.58% for the Russell 3000.

The first quarter was generally a good one for stocks and other risk assets, though conditions were far from placid. The March failures of Silicon Valley Bank and Signature Bank set off a wave of concern across financial markets. While swift action by the Federal Reserve, Federal Deposit Insurance Corporation (FDIC), and Treasury Department ensured that depositors of those institutions would not lose money, confidence was shaken in all but the largest financial institutions. Please see this quarter's "Value Matters" for our take on how the bank failures fit into the bigger picture.

At a minimum, the Fed's inflation-fighting formula just became more complicated — as banks repair their balance sheets, financial conditions will further tighten. Fearful of recession and chastened by 2022's market declines, Wall Street has become even more adamant that the Fed should pause rate hikes now **and** move to cut interest rates later this year. This widely held consensus view is squarely at odds with the Fed's stated intentions, setting up a showdown that will keep things interesting for the foreseeable future. In our view, the case for owning durable, resilient, and adaptable businesses has never been stronger.

Meta Platforms, Alphabet, Guidewire Software, and Heico were the Fund's largest quarterly contributors. Meta was the standout as the company's "Year of Efficiency" (an initiative to restructure and improve financial performance) drove a dramatic stock price rebound from depressed levels. Meta continued to adapt to Apple's iOS changes that had impaired its ad targeting capabilities. We are encouraged by the combination of solid engagement trends, enhanced tools for advertisers, and prudent expense management. First Republic Bank, Liberty SiriusXM, Charles Schwab, and CoStar Group were the Fund's largest quarterly detractors. Financial stocks were particularly impacted as banking concerns flared.

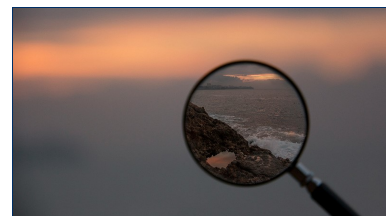
LKQ, CoStar Group, Axalta Coating Systems, and IDEX were the Fund's largest contributors for the fiscal year. The Fund's industrial stocks held up much better than the broader market as the economy remained resilient despite mounting pressures. First Republic Bank, Liberty SiriusXM, Alphabet, and Liberty Broadband were the Fund's most significant detractors for the fiscal year.

Necessary capital investment cycles at Liberty Sirius XM (new satellites and streaming technology) and Liberty Broadband (fiber-competitive speed upgrades and network expansions at Charter Communications) disappointed investors looking for quick wins. The spending will no doubt crowd out some share repurchases in the short run. Still, we think these investments are prudent and should bolster the businesses' competitive positions with acceptable returns, and we remain confident in the long-term potential of both stocks.

We sold the Fund's First Republic position at a substantial loss. Our team rightly had questions about some of First Republic's recent balance sheet choices, but we also thought the company's relationship banking model would help shelter its historically sticky deposit base. We simply were not imaginative enough about the possibility of a bank run, sparked and fueled by severe problems at a different bank. As confidence eroded and deposits fled, the company quickly lost control of its destiny. We sold the stock in the high \$30s, which was suboptimal but kept a bad outcome from becoming even worse.

We also exited the Fund's Charles Schwab position, for different reasons. Our concerns were primarily related to the depth and length of a potential earnings valley. As the Fed pushed up short-term interest rates, money market funds and Treasury bills provided savers with clear alternatives to banks' ultra-low yielding deposits. Schwab's near-term cost of funding seemed likely to rise materially, one way or the other. Some earnings erosion is reflected in the stock price, but we sold as our view of the risk/reward framework shifted considerably. Unlike First Republic, Schwab was an exceptional contributor to Fund returns over the past three years.

With the reorganization of the Hickory Fund into Partners Value in late March, we welcomed several new companies — and shareholders — to the Fund. New portfolio holdings included ACI Worldwide (payments software), Dolby Laboratories (audio signal processing), Ingersoll-Rand (flow control equipment), LICT Corporation (rural telecom), Live Nation (concerts & ticketing), and Perimeter Solutions (fire retardants). This diverse collection of businesses adds breadth to the portfolio, increases the Fund's exposure to mid-cap stocks, and offers differentiated return potential.



VALUE MATTERS: Staying Focused Through Changing Times

The Fed's ongoing mission to tame inflation, along with high-profile bank failures, have increased fears of a potential recession. But even during tough economic times, investors who remain focused on the long-term may be able to take advantage of new opportunities.

[Read More →](#)

After a disappointing fiscal year where much of the economic pain was front-loaded, we are optimistic about the prospects for the next several years. We see outsized return potential from a handful of beaten-down stocks like Liberty SiriusXM, CarMax, and Liberty Broadband, along with some other companies whose valuations have reset to discounted levels, especially in the mid-cap area. 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, we believe value growth will 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.

Top Relative Contributors and Detractors

TOP CONTRIBUTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Meta Platforms, Inc.	76.12	3.62	1.95	3.4
Alphabet, Inc.	17.21	6.75	1.19	5.5
Guidewire Software, Inc.	30.55	2.53	0.71	3.3
HEICO Corp.	14.23	4.11	0.49	4.7
Texas Instruments, Inc.	13.37	3.80	0.46	3.0

TOP DETRACTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
FIRST REPUBLIC BANK ORD	-69.08	1.96	-1.77	0.0
Liberty Media Corp-Liberty SiriusXM	-28.49	4.50	-1.43	4.1
CHARLES SCHWAB ORD	-30.54	2.66	-1.03	0.0
CoStar Group, Inc.	-10.45	5.20	-0.55	5.3
Black Knight, Inc.	-6.79	2.48	-0.19	2.5

Data is for the quarter ending 3/31/2023. 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 3/31/2023: ACI Worldwide, Inc., 1.0%; Apple, Inc., 0.0%; Axalta Coating Systems Ltd., 1.0%; CarMax, Inc., 3.2%; Charter Communications, Inc., 0.0%; CoStar Group, Inc., 5.3%; Dolby Laboratories, Inc., 1.3%; IDEX Corp., 2.3%; Ingersoll Rand, Inc., 0.9%; Liberty Broadband Corp., 4.7%; LICT Corp., 1.6%; Live Nation Entertainment, Inc., 0.8%; LKQ Corp., 4.4%; Perimeter Solutions SA, 0.9%; SVB Financial Group, 0.0%; Signature Bank, 0.0%.

	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS							Since Inception (6/1/1983)	Net Expense	Gross Expense
	QTR	YTD	1-YR	3-YR	5-YR	10-YR	20-YR	30-YR	35-YR			
	WPVIX Institutional Class	2.03	2.03	-11.81	13.39	5.06	5.71	7.19	9.36			
WPVLX Investor Class	2.01	2.01	-11.97	13.18	4.83	5.51	7.09	9.29	9.95	10.83	1.09	1.09
Russell 3000 Index	7.18	7.18	-8.58	18.48	10.44	11.73	10.43	9.67	10.47	10.74	-	-
S&P 500 Index	7.50	7.50	-7.73	18.60	11.18	12.23	10.36	9.75	10.55	11.02	-	-

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 04/20/2023, 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 07/31/2023.

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

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