SHORT DURATION INCOME FUND

Portfolio Managers: Tom Carney, CFA & Nolan Anderson
Investment Style: Short-Term Bond

The Short Duration Income Fund's Institutional Class returned +3.80% in the second quarter compared to a +0.88% return for the Bloomberg Barclays 1-3 Year U.S. Aggregate Index (1-3 Year AGG), the Fund's primary benchmark. For the first half of 2020, the Short Duration Income Fund's Institutional Class returned +1.57% compared to a +2.68% return for the benchmark.

While significant economic uncertainty remains, overall we are pleased with the credit performance of our portfolio. The Fund's second-quarter results represented a solid recovery from the first quarter's decline. The second quarter also reinforced, in quick fashion, our statement from the first quarter about temporary setbacks often setting the stage for better days ahead.

Due to the quarter's strong performance, the Fund's overall yield-to-worst (YTW) declined to 2.6% as of June 30 from 4.2% as of March 31. As a reminder, YTW has historically been a reasonable predictor of forward returns. And while favorable reinvestment opportunities are becoming more challenging to uncover, we continue to like what we own, and our YTW at quarter-end remains quite favorable to the benchmark's yield-to-worst of 0.4%.

Portfolio Positioning

The table below shows the change in allocation to various sectors from Q1 2020 to Q2 2020 and from June 30, 2019, to June 30, 2020. This summary provides a view over time of how we have allocated capital. Since our goal is to invest in sectors that we believe offer the best risk-adjusted returns, our allocations may change significantly over time.

SECTOR ALLOCATION (% of Net Assets)

	06/30/2020	03/31/2020	Qtr Over Qtr Change (bps)	06/30/2019	Year Over Year Change (bps)
Corporate Bonds	19.3	20.2	-90	31.6	-1230
Corporate Convertible Bonds	2.6	1.8	+80	3.6	-100
Asset-Backed Securities (ABS)	28.0	28.5	-50	16.7	+1130
Commercial Mortgage-Backed Securities (CMBS)	6.4	6.0	+40	4.4	+200
Agency Mortgage-Backed (MBS)	12.7	14.5	-180	11.5	+120
Non-Agency Mortgage Backed (RMBS)	8.7	9.4	-70	5.4	+330
Taxable Municipal Bonds	0.1	0.2	-10	0.1	0
U.S. Treasury	17.9	18.2	-30	24.5	-660
Common Stocks	0.4	0.3	+10	0.5	-10
Cash & Equivalents	3.9	0.9	+300	1.7	+220
Total	100.0	100.0		100.0	
High Yield*	6.9	4.5	+240	5.9	+100
Effective duration (years)	1.3	1.6	-0.3	1.6	-0.3
Effective maturity (years)	1.6	1.8	-0.2	1.8	-0.2

*High-Yield exposure (as of 06/30/2020) consists of investments in the Corporate, Corporate Convertible, ABS and CMBS sectors.

During the quarter, most sector category weightings declined as investment paydowns, which remain within expectations, exceeded reinvestment opportunities. Cash correspondingly increased during the quarter.

The high-yield segment increased to 6.9% of Fund assets as new investments were added and as long-time portfolio holding Redwood Trust convertible bonds appreciated materially. We maintain ample high-yield capacity (15% portfolio limit) to take advantage of further bouts of market volatility. For the remainder of the portfolio, which is predominantly investment-grade, we continued to source more favorable risk/reward opportunities among shorter-duration (1-2 year) securitized products, including automobile, consumer and equipment asset-backed securities.

In terms of overall portfolio metrics, average effective maturity declined to 1.6 years from 1.8 years, and the average effective duration declined to 1.3 years from 1.6 years. These measures provide a guide to the Fund's interest rate sensitivity. A lower average effective maturity and shorter average effective duration reduce the Fund's price sensitivity to changes in interest rates (either up or down). These measures compare favorably to the 1-3 Year AGG which has an average effective maturity of 1.93 years and an average effective duration of 1.5 years. With the Fund's higher YTW as mentioned above and lower interest rate sensitivity from a lower effective duration and average life, we believe the Fund is positioned well.

Top Quarterly Contributors

Sector allocation and security selection were the key drivers of performance.

- **Corporate Bonds:** Our corporate bond segment drove most of the total return during the second quarter on the back of tighter credit spreads. Our high-yield energy and Redwood Trust convertible bonds were the standout credits. As a reminder, Redwood's principal business, the non-agency mortgage market, came under tremendous duress in the first quarter, with the initial shock more about liquidity than solvency – especially as it became clear that the Fed was not going to step in as they did in other parts of the bond market. The company's management took bold and decisive steps in the second quarter to meet all liquidity challenges it faced. While the next challenge for Redwood will be the credit performance of its mortgage investments (which will likely take several quarters to play out), stock and bond investors applauded the company's actions as prices rose meaningfully in the second quarter.

- **Asset-Backed Securities (ABS):** Our ABS portfolio, driven by our automobile and unsecured consumer ABS holdings, provided solid coupon income and capital appreciation. Please see our Consumer ABS update below.

Top Quarterly Detractors

- No sector materially detracted from performance during the second quarter.

Consumer ABS Update

After a very tumultuous first quarter, we are pleased to report generally benign credit trends across our consumer ABS portfolio. Extraordinary fiscal and monetary stimulus, along with consumer-friendly payment assistance and deferral programs, have led to lower-than-expected delinquency and default rates. As a result, our ABS investments have become more creditworthy as incoming cash flow (i.e. monthly principal and interest payments) are used to pay down the most senior notes, generating additional credit support for the remaining bonds (due to overcollateralization and increased subordination from the most junior tranches). In addition, our sponsors have taken advantage of strong capital market conditions to improve their liquidity and funding profiles. However, there remains significant uncertainty around the strength and breadth of the economic recovery. Without any additional near-term fiscal stimulus, it seems likely that weaker credit performance will prevail in the second half of the year. We are also carefully monitoring the early stage delinquency trends as most of the payment assistance and deferral programs end before August. If we zoom out to look at the big picture, we recognize that credit cycles take time to play out and this one is far from over.

In terms of the ABS market itself, liquidity has improved dramatically, and the new issue market has come roaring back. Yet, the uncertainty around future credit performance has forced rating agencies to incorporate the current economic environment and higher expected losses into their modeling assumptions. To compensate for a more uncertain future and higher expected losses, issuers must provide investors substantively higher credit enhancement than was the case a few months ago. This positive change in structural protections for investors is an underappreciated aspect of the ABS market. We have selectively participated in recent new issuance ABS to take advantage of improved structural protections afforded to investors.

Outlook – crediting the 'elephant' in the room

In a June testimony to the Senate Banking Committee, Federal Reserve Chair Powell downplayed the significance of the Fed's recent decision to begin buying corporate bonds. "I don't see us as wanting to run through the bond market like an elephant, doing things and snuffing out price signals," said Powell. "We just want to be there if things turn bad in the economy."

The monetary goals of the Federal Reserve have always played a key role in credit markets and the economy via its two-fold mission of price stability and full employment. As a result of the economic downturn of 2007 to 2009 ("Great Recession"), the Fed took actions to expand its powers/reach through quantitative easing programs (central bank purchases of longer-term securities in the open market). During the COVID-19 crisis, the Fed put its powers on steroids. Besides using programs from the Great Recession, the Fed is now directly involved in buying and accumulating corporate bond exchange-traded funds (ETFs) and individual corporate bonds. The Fed has long jawboned the markets through its press releases and public discourses – but despite its own desires to not be ***that*** pachyderm, it has become ***the*** elephant in the room. It has squashed interest-rate levels and volatility for the foreseeable future. It has banished the bond market vigilantes – those of us who keep the marketplace functioning by sniffing out prices that are too high or too low – to some sort of financial market Purgatory. And its direct purchases of corporate bonds (via its Primary and Secondary Corporate Credit Facility) may not have snuffed out price signals – but it clearly has given investors the 'all clear' signal. It has resulted in what one strategist has dubbed "The Great Compression" as these facilities have played a key role in credit spreads, particularly shorter-term, being pulled down (i.e. lower), mostly on the front end of the yield curve (a line that plots yields, or interest rates, of bonds having equal credit quality but differing maturity dates).

Where does that leave fixed-income investors today knowing there is a nearly insatiable buyer (elephant) now present in the marketplace? Challenged, for sure, if your investable universe consists primarily of the segments of the marketplace being ***directly*** impacted by the Fed's checkbook.

Our fixed-income funds have broad, flexible mandates that, we believe, allow us to navigate the increasingly lower return environment by identifying investment opportunities less influenced by Fed intervention (such as structured products).

Our goals remain the same. Namely, to preserve capital, maintain a strong liquidity position, understand evolving risks and opportunities, selectively take advantage of favorable risk/reward opportunities, and conduct consistent/thorough credit surveillance.

We remain ready to take advantage of any further valuation disparities that may develop and hope to continue to earn your trust.

SHORT DURATION INCOME FUND

Weitz | INVESTMENT MANAGEMENT

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
Short Duration Income Fund - Investor (WSHNX)	1.51%	2.73%	2.29%	2.08%	2.05%	4.91%	08/01/2011	0.55%	0.92%
Short Duration Income Fund - Institutional (WEFIX)	1.57%	2.89%	2.48%	2.29%	2.24%	4.97%	12/23/1988*	0.48%	0.63%
Bloomberg Barclays 1-3 Year U.S. Aggregate	2.68%	4.00%	2.82%	2.07%	1.62%	N/A	-	-	-

*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.

Effective 12/16/2016, the Fund revised its principal investment strategies. Since that time the Fund has generally maintained an average effective duration between one to three and a half years. Prior to that date, the Fund maintained a dollar-weighted average maturity of between two to five years. Performance prior to 12/16/2016 reflects the Fund's prior principal investment strategies and may not be indicative of future performance results.

Index performance is hypothetical and is shown for illustrative purposes only. You cannot invest directly in an index. The **Bloomberg Barclays 1-3 Year U.S. Aggregate** is generally representative of the market for investment grade, U.S. dollar denominated, fixed-rate taxable bonds with maturities from one to three years.

Holdings are subject to change and may not be representative of the Fund's current or future investments.

The Fund receives credit quality ratings on portfolio securities when available from credit rating agencies. The Fund itself has not been rated by a credit rating agency. Ratings and portfolio credit quality may change over time. A security is "investment grade" when it has received a credit quality rating of at least BBB. If a security has received different ratings from more than one rating agency, then the highest rating is used. Mortgage related securities issued and guaranteed by government sponsored agencies such as Fannie Mae and Freddie Mac are generally not rated by rating agencies. Securities which are not rated do not necessarily indicate low quality. Fannie Mae's and Freddie Mac's senior long-term debt are currently rating Aaa and AAA by Moody's and Fitch, respectively.

Definitions: Average effective duration provides a measure of a fund's interest-rate sensitivity. The longer a fund's duration, the more sensitive the fund is to shifts in interest rates. **Average effective maturity** is the weighted average of the maturities of a fund's underlying bonds. **Investment grade bonds** are those securities rated at least BBB- by one or more credit rating agencies. **Non-investment grade bonds** are those securities (commonly referred to as "high yield" or "junk" bonds) rated below BBB- by two or more credit rating agencies. **Yield-to-worst (YTW)** is the lowest potential yield that can be received on a bond portfolio without the issuers actually defaulting.

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). Changing interest rates may have sudden and unpredictable effects in the markets and on the Fund's investments. The Fund may purchase lower-rated and unrated fixed-income securities, which involve an increased possibility that the issuers of these may not be able to make payments of interest and principal. See the Fund's prospectus for a further discussion of risks.

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.

	$ Principal Amount	$ Value
J14649 — 3.5% 4/01/26	1,680,305	1,766,615
E02948 — 3.5% 7/01/26	3,739,498	3,935,124
J16663 — 3.5% 9/01/26	3,601,175	3,790,878
E03033 — 3.0% 2/01/27	2,144,988	2,259,198
ZS8692 — 2.5% 4/01/33	1,797,032	1,886,543
G01818 — 5.0% 5/01/35	998,518	1,146,704
		19,473,287
		35,299,488
Federal National Mortgage Association		
Collateralized Mortgage Obligations		
2010-145 CL PA — 4.0% 10/25/24	76,611	77,142
2010-54 CL WA — 3.75% 6/25/25	324,892	333,717
		410,859
Pass-Through Securities		
357985 — 4.5% 9/01/20	1,024	1,080
888595 — 5.0% 1/01/22	16,384	17,234
888439 — 5.5% 6/01/22	23,756	24,310
AR8198 — 2.5% 3/01/23	1,648,910	1,728,122
MA1502 — 2.5% 7/01/23	1,466,202	1,536,637
995960 — 5.0% 12/01/23	104,358	109,807
AD0629 — 5.0% 2/01/24	112,170	117,988
930667 — 4.5% 3/01/24	236,751	252,535
890112 — 4.0% 4/01/24	181,532	192,060
995693 — 4.5% 4/01/24	238,117	251,148
AA4315 — 4.0% 4/01/24	383,681	406,060
AA5510 — 4.0% 4/01/24	93,232	98,626
MA0043 — 4.0% 4/01/24	141,688	149,967
995692 — 4.5% 5/01/24	228,662	243,679
995755 — 4.5% 5/01/24	344,671	367,366
931739 — 4.0% 8/01/24	108,704	115,056
AD7073 — 4.0% 6/01/25	352,677	373,020
AE0031 — 5.0% 6/01/25	250,558	263,768
AL0471 — 5.5% 7/01/25	582,362	614,956
310139 — 3.5% 11/01/25	2,470,531	2,598,645
AB1769 — 3.0% 11/01/25	1,169,928	1,238,780
AH3429 — 3.5% 1/01/26	6,487,828	6,828,276
AB2251 — 3.0% 2/01/26	1,483,443	1,577,546
AB3902 — 3.0% 11/01/26	1,043,970	1,099,394
AB4482 — 3.0% 2/01/27	2,426,246	2,554,588
AK3264 — 3.0% 2/01/27	2,656,212	2,797,517
AL1366 — 2.5% 2/01/27	1,927,173	2,022,752
AB6291 — 3.0% 9/01/27	1,076,215	1,132,070
MA3189 — 2.5% 11/01/27	1,868,093	1,957,834
MA3791 — 2.5% 9/01/29	3,985,245	4,185,531
BM5708 — 3.0% 12/01/29	2,561,382	2,693,451
MA0587 — 4.0% 12/01/30	2,998,746	3,230,111
BA4767 — 2.5% 1/01/31	2,116,751	2,221,205
AS7698 — 2.5% 8/01/31	1,986,080	2,090,165
AS7701 — 2.5% 8/01/31	2,652,957	2,827,785
555531 — 5.5% 6/01/33	1,998,969	2,282,239
MA3540 — 3.5% 12/01/33	2,879,041	3,026,849
725232 — 5.0% 3/01/34	182,700	209,706
995112 — 5.5% 7/01/36	875,756	1,005,615
		54,443,478
		54,854,337
Government National Mortgage Association		
Pass-Through Securities		
G2 5255 — 3.0% 12/20/26	4,627,507	4,861,135
Non-Government Agency		
Collateralized Mortgage Obligations		
Bunker Hill Loan Depositary Trust (BHLD)[b] [f]		
2019-3 CL A1 — 2.724% 11/25/59	3,593,753	3,671,940

	$ Principal Amount or Shares	$ Value
Citigroup Mortgage Loan Trust, Inc. (CMLTI)[b] [e]		
2014-A CL A — 4.0% 1/25/35	793,704	838,947
COLT Funding LLC (COLT)[b] [e]		
2019-4 CL A1 — 2.579% 11/25/49	3,520,979	3,564,460
Deephaven Residential Mortgage Trust (DRMT)[b] [e]		
2018-4A CL A1 — 4.08% 10/25/58	2,268,841	2,294,072
2019-3A CL A1 — 2.964% 7/25/59	2,979,583	3,034,222
2019-4A CL A1 — 2.791% 10/25/59	1,184,569	1,200,089
Flagstar Mortgage Trust (FSMT)[b] [e]		
2017-1 CL 2A2 — 3.0% 3/25/47	2,037,928	2,126,070
J.P. Morgan Mortgage Trust (JPMMT)[b] [e]		
2014-2 CL 2A2 — 3.5% 6/25/29	1,907,942	1,970,980
2014-5 CL A1 — 2.959663% 10/25/29	4,455,424	4,650,398
2016-3 CL 2A1 — 3.0% 10/25/46	3,814,220	3,968,346
2017-3 CL 2A2 — 2.5% 8/25/47	8,070,495	8,282,142
2018-6 CL 2A2 — 3.0% 12/25/48	2,793,964	2,914,634
Sequoia Mortgage Trust (SEMT)[e]		
2012-4 CL A1 — 3.5% 9/25/42	1,331,152	1,388,400
2013-4 CL A3 — 1.55% 4/25/43	3,970,523	3,986,498
2017-CH1 CL A11 — 3.5% 8/25/47[b]	1,092,123	1,102,768
2018-CH2 CL A12 — 4.0% 6/25/48[b]	2,266,781	2,293,903
2018-CH4 CL A10 — 4.5% 10/25/48[b]	2,618,893	2,650,664
2019-CH2 CL A1 — 4.5% 8/25/49[b]	924,819	954,745
2019-CH3 CL A10 — 4.0% 9/25/49[b]	2,405,297	2,466,773
2019-4 CL A4 — 3.5% 11/25/49[b]	2,173,314	2,227,939
2019-5 CL A4 — 3.5% 12/25/49[b]	2,955,738	3,040,120
2020-1 CL A4 — 3.5% 2/25/50[b]	789,654	808,796
2020-2 CL A4 — 3.5% 3/25/50[b]	2,507,090	2,586,996
2020-3 CL A4 — 3.0% 4/25/50[b]	2,579,520	2,673,598
		64,697,500
Total Mortgage-Backed Securities (Cost $153,671,120)		**159,712,460**

Taxable Municipal Bonds - 0.1%

Kansas Development Finance Authority Revenue, Series 2015H 2.927% 4/15/21 (Cost $750,000)	750,000	757,965

U.S. Treasury - 17.9%

U.S. Treasury Notes		
2.0% 11/30/20	4,000,000	4,030,312
1.125% 2/28/21	15,000,000	15,094,043
2.25% 3/31/21	12,000,000	12,189,375
1.375% 4/30/21	10,000,000	10,100,391
2.625% 6/15/21	10,000,000	10,236,133
1.125% 7/31/21	15,000,000	15,154,980
2.0% 7/31/22	17,000,000	17,651,777
2.0% 2/15/23	7,000,000	7,335,234
1.5% 2/28/23	25,000,000	25,885,254
2.0% 5/31/24	15,000,000	16,043,848
Total U.S. Treasury (Cost $129,531,923)		**133,721,347**

Common Stocks - 0.4%

Redwood Trust, Inc. (Cost $4,158,141)	410,000	2,870,000

Cash Equivalents - 3.5%

	Shares	$ Value
State Street Institutional U.S. Government Money Market Fund - Premier Class 0.12%[(a)]	26,605,636	26,605,636
Total Cash Equivalents (Cost $26,605,636)		**26,605,636**
Total Investments in Securities (Cost $736,186,525)		744,162,575
Other Assets Less Other Liabilities - 0.4%		2,982,401
Net Assets - 100%		**747,144,976**
Net Asset Value Per Share - Investor Class		**12.30**
Net Asset Value Per Share - Institutional Class		**12.32**

(a) Rate presented represents the annualized 7-day yield at June 30, 2020.
(b) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.
(c) Foreign domiciled entity
(d) Annual sinking fund
(e) The interest rate resets periodically based on the weighted average coupons of the underlying mortgage-related or asset-backed obligations.
(f) Security is a "step-up" bond where the coupon rate increases or steps up at a predetermined date. Coupon rate presented represents the rate at June 30, 2020.

This schedule of portfolio holdings is unaudited and is presented for informational purposes only. Portfolio holdings are subject to change at any time and references to specific securities are not recommendations to purchase or sell any particular security. Current and future portfolio holdings are subject to risk.