2Q 2023

SHORT DURATION INCOME FUND

Portfolio Managers: Tom Carney, CFA & Nolan Anderson

The Short Duration Income Fund's Institutional Class returned +0.65% in the second quarter compared to a -0.36% return for the Bloomberg 1-3 Year U.S. Aggregate Index. Year-to-date, the Fund's Institutional Class returned +2.63% compared to a +1.15 return for the index. Longer-term results (3-, 5-, and 10-year), both absolute and relative, continue to outpace the index, but the past 12 months are particularly noteworthy. For the 12 months ended June 30, 2023, the Fund's Institutional Class returned +2.98% compared to +0.52% for the Index. Fund results were meaningfully positive versus the index despite interest rates rising in the past year. For example, the 2-year Treasury rate increased nearly 200 basis points (2%), the 3-year Treasury increased 150 basis points (1.5%), and the 5-year Treasury increased over 100 basis points (1%). We believe the past 12-month results reinforce and highlight the value of our flexible mandate and ability to reinvest/recycle/redeploy capital from the approximately one quarter of Fund assets that typically pay down/matures annually.

Investors, particularly fixed income, went into the second quarter on high alert for a recession and thinking the Fed could soon be cutting short-term interest rates, or at least pausing its yearlong tightening cycle to combat inflationary pressures. Historically inverted yield curves (difference between 3-month T-bill and 10-year Treasury bonds), tightening lending standards, and dramatic bank collapses had many peering through their investment 'telescope.' It was reminiscent of Marvin the Martian of Looney Tune fame exclaiming "Where's the Ka-Boom? There's supposed to be earth shattering Ka-Boom!" The bank failures alone (three of the top five in U.S. history) led many to wonder "who's next?"

However, by quarter-end, no more bank failures emerged, there was still no economic downturn in sight, employment remained strong, and inflation had cooled (although far from the Fed's goal of 2%). Overall, the U.S. economy exhibited resiliency in the second quarter, leading to mostly strong stock market performance and higher U.S. Treasury interest rates (graph below) with mostly negative fixed-income returns.

FIXED INCOME INSIGHTS:

Unexpected Resilience

Fixed income investors remain on high alert for a potential recession. And while some cracks have begun to show in the markets, no economic downturn has materialized. No matter what happens, we continue to take a cautious approach and cast a wide net in the fixed income markets.

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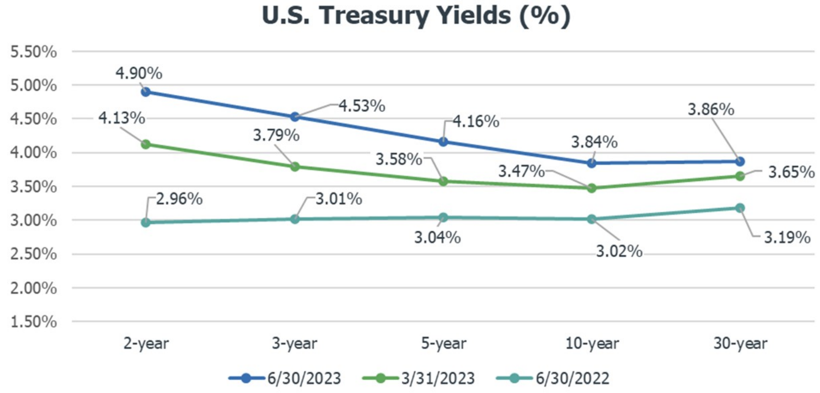

The Federal Reserve delivered its tenth consecutive interest rate hike to the federal funds rate in May — and then paused at its meeting in June, resulting in a 5.00-5.25% target rate at quarter-end. In the minutes released from the June 2023 meeting, the Fed's projections (known as the 'dot plots') showed a year-end 2023 estimate for the funds rate above 5.0%, with two-thirds of the committee members estimating at least 5.50% (and one committee member estimating at 6%).

Given that monetary policy impacts the economy with a lag, market participants continue to believe that the Fed is close to the end of its tightening cycle and may need to begin cutting interest rates by the end of this year, with more meaningful cuts in 2024. While we want to be aware of what the Fed and the market are saying at any given point in time, we understand that these projections/predictions are about as useful as the meteorologist's weather forecast. However, we would not be disappointed to have rates remain at/near current levels as reinvestment opportunities, both nominal (e.g., 2-year Treasuries) and real / after inflation (e.g., 5-year real yield curves), haven't been this compelling in over 15 years.

Portfolio Positioning

The table below shows the change in allocation to various sectors, from the prior quarter and from the prior year. 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)	6/30/2023	3/31/2023	Qtr Over Qtr Change	6/30/2022	Yr Over Yr Change
Corporate Bonds	12.7	13.0	-0.3	12.5	+0.2
Corporate Convertible Bonds	1.1	1.1	0.0	2.3	-1.2
Asset-Backed Securities (ABS)	41.9	41.1	+0.8	34.4	+7.5
*Corporate Collateralized Loan Obligations (CLOs)**	*13.2*	*13.2*	*0.0*	*11.5*	*+1.7*
Commercial Mortgage-Backed Securities (CMBS)	9.3	9.4	-0.1	11.2	-1.9
Agency Mortgage-Backed (MBS)	3.3	3.6	-0.3	4.7	-1.4
Non-Agency Mortgage Backed (RMBS)	5.4	5.7	-0.3	6.7	-1.3
U.S. Treasury	24.5	25.0	-0.5	24.8	-0.3
Cash & Equivalents	1.8	1.1	+0.7	3.4	-1.6
TOTAL	100	100		100	
High Yield**	3.8	3.8	0.0	5.2	-1.4
Average Effective Duration	1.4	1.5	-0.1	1.6	-0.2
Average Effective Maturity	2.8	2.9	-0.1	3.2	-0.4

*Corporate CLOs are included in the ABS segment in the Fund's schedule of investments but are additionally called out separately for the purposes of the discussion.
**For the current period, high yield exposure consists of investments in the Corporate, Corporate Convertible, ABS and CMBS sectors.

Investment activity remained strong in the second quarter as we sourced a little more than $55 million of new investments for the Fund — offsetting the Fund's monthly/quarterly paydowns and maturities of securities of approximately the same amount. By design, the Short Duration Income Fund has a distinct feature of having about a quarter of its holdings paydown or mature in any given year. This allows for frequent reinvestment of investor capital into areas of the fixed income market that we believe provide the best current relative value opportunities. While this continuous reinvestment has been an occasional headwind as rates fell to historic lows in recent years, we believe it has and will continue to provide return upside when interest rates, particularly short-term rates, move higher as has been the case so far in the past year. The 12-month performance data mentioned above is a good example of the Fund's flexibility and reinvestment attribute.

Noteworthy additions in the first quarter included:

- **Asset-backed securities (ABS)** continue to be a key segment of the fixed income market where we have found meaningful relative value versus short corporate bonds. We maintain a heavy focus on sponsor quality, structural protection, and straightforward collateral. We have been able to source senior-most ABS securities at spread levels that exceed comparable maturity and ratings of corporate bonds by more than 100 basis points (1% percent), in some cases greater than 200 basis points (2%). Securities backed by auto receivables were the largest addition in the quarter — principally those issued by America's Car-Mart (ACMAT) and Bayview Asset Management (BVABS). America's Car-Mart, at nearly 2% of total Fund assets, is worth highlighting. America's Car-Mart (CRMT) is a publicly traded auto retailer that buys, sells, and finances used vehicles. Founded in 1981, the company serves lower income consumers, categorized as sub-prime, through a dense network of 156 used car dealerships primarily in small cities throughout the South Central U.S. What differentiates America's Car-Mart is its vertically integrated, low-cost operating model and its focus on serving its customer in the local communities in which they live. By being a low-cost operator in the markets that it serves, Car-Mart can provide its customers with used vehicles at relatively affordable prices. And with its local presence, it can best serve the customer should a need arise. This recipe for success has allowed Car-Mart to grow its active customer base over the past 20 years from 20,000 customers to approximately 100,000 customers. To help term out its debt, Car-Mart entered the ABS market with its inaugural deal in 2022. The company has issued two subsequent ABS deals in 2023, which we participated in.We also participated in the senior-most securities of unsecured consumer loans issued by Upstart (UPST), equipment finance loans issued by Octane (OCTL), Enterprise Fleet (EFF), and Amur (AXIS).
- **Commercial real estate CLOs (CRE CLOs)** issued by Colony Credit (CLNC). Colony is an example of our willingness and ability to source/find select opportunities in the secondary market where we can identify strong sponsors, apply our knowledge of the underlying collateral, and invest with a significant margin of safety within the capital structure.

In terms of overall portfolio metrics, from March 31, 2023, to June 30, 2023, the Fund's average effective maturity decreased from 2.9 to 2.8 years, and average effective duration increased from 1.4 to 1.5 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). Another portfolio attribute to re-highlight is the Fund's investments in floating-rate securities (mainly middle-market CLOs and CRE CLOs). As of June 30, 2023, a little more than 22% of Fund assets are represented by floating-rate securities. The Fund's exposure to floating-rate investments has provided upside to coupon income from the Fed's year-plus efforts to raise short-term interest rates.

The table below provides an update on the Fund's yield-to-worst (YTW) metric. As a reminder, YTW has historically been a reasonable predictor of forward returns.

Yield to Worst / Duration Analysis				
	3/31/23	**6/30/23**	Change	% Change
Yield to Worst (%)				
Short Duration Income Fund	5.86	**6.36**	0.50	8.53%
U.S. 1-3 Yr Agg Index	4.46	**5.20**	0.74	16.59%
Average Duration (yrs)				
Short Duration Income Fund	1.46	**1.35**	(0.11)	-7.53%
U.S. 1-3 Yr Agg Index	1.80	**1.79**	(0.01)	-0.56%

Top Quarterly Contributors

- Floating rate securities, principally middle-market (MM) and commercial real estate collateralized loan obligations (CRE CLOs) were the largest contributors to performance in the quarter as their coupon cash flow/returns have continued to increase because of the increase in short-term interest rates. Prices also improved in these segments as overall credit spreads narrowed/declined. The ABS segment, broadly, also aided results as prices were mostly stable and coupon returns were solid. Select corporate bond investments (EPR Properties, Redwood Trust, Delta Airlines, and Abercrombie & Fitch) also helped drive positive results in the quarter.

Top Quarterly Detractors

- The U.S. Treasury segment was the largest detractor to performance in the quarter as interest rates rose and prices declined.
- One non-agency commercial mortgage-backed security (CMBS) investment, representing less than 0.5% of Fund assets, declined in the quarter. This investment, a single asset, single borrower (SASB) security is backed by two very large convention center hotels in San Francisco and operated as part of the Hilton lodging brand. In June, the owner, Park Hotels and Resorts, ceased making payments on the CMBS loan secured by these two hotels. Interest payments continue to be made by the special servicer (Wells Fargo) whose role will be to work on behalf of CMBS investors to resolve this situation. We have been and will continue to be monitoring developments, which are minimal to date, and we will work toward the best outcome possible.

Fund Strategy

Our approach consists primarily of investing in a diversified portfolio of high-quality bonds while maintaining an overall portfolio average effective duration of 1.0 to 3.5 years. We may invest up to 15% in fixed income securities that are not considered investment-grade (such as high-yield and convertible bonds), and we do so when we perceive the risk/reward characteristics to be favorable.

Overall, we strive to be adequately compensated for the risks assumed while seeking to maximize investment (or reinvestment) income and avoid making interest-rate bets, particularly ones that depend on interest rates going down.

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

We believe our ability to cast a wider net across the fixed income landscape, particularly across securitized products that have meaningful structural enhancements, where higher income relative to indexes is available, is a meaningful advantage in today's environment. As we've mentioned before, caution is and will remain our calling card — but we continue to believe now is a good time for investors to consider adding to their fixed income allocation.

RETURNS (%)

	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS						Since Inception		
	QTR	YTD	1-YR	3-YR	5-YR	10-YR	20-YR	30-YR	(12/23/1988)	Net Expense	Gross Expense
WEFIX Institutional Class	0.65	2.63	2.98	0.87	1.91	1.76	2.87	3.96	4.61	0.45	0.60
WSHNX Investor Class	0.65	2.62	2.93	0.80	1.79	1.59	2.76	3.88	4.55	0.55	0.86
Bloomberg U.S. Agg 1-3 YR Index	-0.36	1.15	0.52	-0.92	1.08	0.97	1.99	3.31	n/a	-	-

This material must be preceded or accompanied by a prospectus or summary prospectus.

Data is for the quarter ending 06/30/2023. 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 07/20/2023, 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 07/31/2024.

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.

Performance quoted for Investor Class shares before their inception (08/01/2011) is derived from the historical performance of the Institutional Class shares and has not been adjusted for the expenses of the Investor Class shares, had they, returns would have been different.

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.

Short Duration Income Fund's inception date is December 28, 1988. The investor class inception date is August 1, 2011. Performance for investor class shares before their inception date uses the historical performance and expenses of institutional class shares. Effective December 16, 2016, the Fund revised its principal investment strategies. Since that time the Fund has generally maintained an average effective income duration between one to 3½ years. Prior to that date, the Fund maintained a dollar-weighted average maturity of between 2 to 5 years. Performance prior to December 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 1-3 Year U.S. Aggregate index** 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.

Credit ratings are assigned to underlying securities utilizing ratings from a Nationally Recognized Statistical Rating Organization (NRSRO) such as Moody's and Fitch, or other rating agencies and applying the following hierarchy: security is determined to be Investment Grade if it has been rated at least BBB- by one credit rating agency; once determined to be Investment Grade (BBB- and above) or Non-Investment Grade (BB+ and below) where multiple ratings are available, the lowest rating is assigned. 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 that are not rated do not necessarily indicate low quality. Ratings are shown in the Fitch scale (e.g., AAA). Ratings and portfolio credit quality may change over time. The Fund itself has not been rated by a credit rating agency.

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. **Commercial real estate collateralized loan obligations (CRE CLOs)** are a type of asset-backed security backed by a pool of commercial loans. **Investment Grade Bonds** are those securities rated at least BBB- by one or more credit ratings agencies. **Middle market** refers to smaller companies, generally with earnings before interest, taxes, and amortization of generally less than $75 million. **Non-Investment Grade Bonds** are those securities (commonly referred to as “high yield” or “junk” bonds) rated BB+ and below by one or more credit ratings agencies. **Yield to worst (YTW)** is the lowest potential yield that can be received on a bond portfolio without the underlying issuers defaulting.

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.

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