

ULTRA SHORT GOVERNMENT FUND

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

The Ultra Short Government Fund returned +1.17% in the first quarter, equaling the return for the ICE BofAML US 6-Month Treasury Bill Index (6-Month Treasury). For the fiscal year ended March 31, 2023, the Fund returned +2.41% compared to a +2.61% return for the index.

Overview

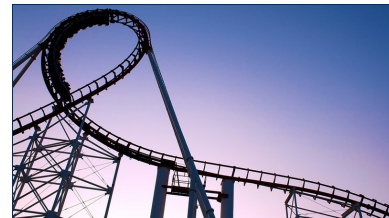
Short-term investors (our Fund included) experienced solid returns in the first quarter as the Fed's year-long mission to slow inflation by hiking short-term interest rates has left nominal returns meaningfully higher. A year ago, short-term investors were still suffering a return drought brought about by nearly 10 years of the Fed's zero-interest-rate policy (ZIRP). Three-month Treasury bills, for example, returned just 0.5% on March 31, 2022. Fast forward to March 31, 2023, and three-month Treasury bills yielded (had a forward return) of nearly 5%.

The Fed continued to tighten (increase) short-term interest rates in the first quarter at its meetings in February and March. The pace of rate increases at each meeting slowed to 0.25% and brought the federal funds rate to a range of 4.75% (lower bound) to 5% (upper bound). The collapse of Silicon Valley Bank (and others) and overall turmoil in the banking industry resulted in increased worries about tightening lending conditions and its attendant effects on future economic growth. Speculation of a 'pause' by the Fed in its interest rate hiking campaign has been replaced by market expectations of rate *cuts* later this year. Overall, the first quarter of 2023 had echoes of 2022. Instead of calm after a tumultuous 2022, investors have received more volatility and choppy markets. However, overall forward returns in fixed income are where the echoes/comparisons end. For the first time in seemingly forever, forward (coupon) returns mentioned above compensate for this year's volatile/choppy markets.

The Federal Reserve's monetary policy decisions (e.g., changes in short-term interest rates) will continue to affect all investments within our opportunity set. As a result, our yield and return will invariably follow the path dictated by the Fed's monetary policy, as we frequently reinvest maturities with holdings that mature in a short period of time. As of March 31, 2023, 72.7% of our portfolio was invested in U.S. Treasury notes, 6.2% in investment-grade asset-backed securities, and 21.1% in cash and cash equivalents. The average effective duration was unchanged from December 31, 2022, to March 31, 2023, at 0.3 years. The Fund's 30-day yield increased approximately 39 basis points during the quarter to 4.38% as of March 31.

Under normal market conditions, the Fund will invest at least 80% of its net assets in obligations issued or guaranteed by the U.S. government and its government-related entities. The balance of Fund assets may be invested in U.S. investment-grade debt securities. Given the bank tumult of the first quarter, it's reasonable to assert that current market conditions are not normal. Consequently, at this time we intend to have an even higher percentage weighting in U.S. Treasury-related securities to increase already strong liquidity and quality measures. As securities mature, and as new investors join the Fund, we may concentrate incremental investments in U.S. Treasury-related securities. This abundance of caution is currently warranted but will change once we believe that stress levels in the banking system have eased.

Additionally, the Fund will maintain an average effective duration of one year or less. Duration is a measure of how sensitive the portfolio may be to changes in interest rates. All else being equal, a lower-duration bond portfolio is less sensitive to changes in interest rates than a bond portfolio with a higher duration. Over time, this shorter-term focus (duration of less than one year) is intended to generate higher total returns than cash or money market funds, while also taking less interest rate risk than a bond portfolio with a higher duration.



FIXED INCOME INSIGHTS: With Uncertainty Now the Norm, Bonds Remain Attractive

A year that began with headlines proclaiming "Bonds are Back" quickly changed course. While the rollercoaster ride in the bond markets may continue, the turbulence could bring about a changing opportunity set for fixed income investors.

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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	(8/1/1991)			
SAFEX Institutional Class	1.17	1.17	2.41	0.90	1.46	0.85	1.18	2.14	2.22	0.20	0.68	
ICE BofA US 6-Month Treasury Bill Index	1.17	1.17	2.61	0.90	1.56	1.02	1.53	2.61	2.74	-	-	

YIELDS (%)			
	30-DAY SEC YIELD		Dividend Yield
	Subsidized	Unsubsidized	
SAFEX	4.38	4.00	4.41

Data is for the quarter ending 03/31/2023. 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 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.

The Fund's Investment Advisor may also voluntarily waive fees from time to time. For example, the Advisor may voluntarily undertake to waive fees in the event that fund yields drop below a certain level. Once started, there is no guarantee that the Advisor would continue to voluntarily waive a portion of its fees. Such voluntary waiver is not reflected in the Fund's Net Expense Ratio but may impact the Fund's performance.

Effective 12/16/2016, the Ultra Short Government Fund revised its principal investment strategies. Prior to that date, the Fund operated as a "government money market fund" and maintained a stable net asset value of \$1.00 per share. 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 **ICE BofA 6-Month Treasury Bill** index is generally representative of the market for U.S. Treasury Bills.

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

Definitions: **30-Day SEC Yield** represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the Fund's share price at the end of the 30-day period. **Subsidized yield** reflects fee waivers and/or expense reimbursements during the period. Without such fee waivers and/or expense reimbursements, if any; yields would have been lower. **Unsubsidized yield** does not adjust for any fee waivers and/or expense reimbursement in effect. **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. **Investment Grade Bonds** are those securities rated at least BBB- by one or more credit ratings agencies. **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.

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. 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.