

The Value Fund's Institutional Class returned +2.47% for the third quarter compared to +0.58% for the S&P 500 and +0.21% for the Russell 1000. Year-to-date, the Fund's Institutional Class has returned +20.22% compared to +15.92% for the S&P 500 and +15.19% for the Russell 1000.

While it has been a strong year for stock investors, subdued third-quarter results reflected growing crosscurrents. The U.S. economy has been growing nicely, albeit at a slowing pace due to supply chain disruptions, wage pressures, raw material inflation, and so on. Monetary and fiscal stimulus continues to course through the system, though the Federal Reserve expects to start siphoning from the punch bowl later this year, recently indicating intentions to start tapering its quantitative easing program. Policymakers in Washington remain an important wildcard with more government spending and taxes in the pipeline.

In our view, the backdrop remains broadly constructive but far from placid. We see less margin for error in the markets and the economy. And while some macro bumps seem plausible, we aim to partner with management teams that can ably steer their businesses through choppy waters. Through it all, our companies are still finding ways to grow business value.

Aon plc paced the Fund's quarterly contributors with a near 20% return. Best known as a leading global insurance broker, Aon provides advice and solutions to clients in risk, retirement, and health. The business enjoys strong, sustainable organic revenue growth, bolstered by margin expansion and effective capital deployment to drive free cash flow per share. Aon management showed discipline in terminating the Willis Towers Watson deal when demands from the Department of Justice proved onerous. Life science and diagnostics leaders Danaher and Thermo Fisher also posted strong returns. Both companies continued to build and collect durable strategic assets with long, robust growth runways. Current results and fundamentals have been terrific, and virtual investor events in September helped alleviate some concerns about the near-to-medium-term outlooks.

## WEITZ INVESTMENT INSIGHTS

**VALUE MATTERS:****Bring It On**

*The bull market that began after the initial shock of the pandemic has been good for most investors. But sooner or later, all good things must come to an end. And whenever the tide eventually turns, we'll be ready to take advantage.*

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Payment-related companies Fidelity National Information Services (FIS), Visa, and Mastercard were the largest quarterly detractors. FIS's stock declined as merchant segment revenue growth fell short of peers, and the company tempered near-term margin expectations. Mix played a role, as FIS is more weighted to the U.K. market and cross-border travel. Quarterly blips aside, FIS is winning new business in both the merchant and the banking spaces, which increases our confidence in the longer-term growth story. Management has also been buying back stock at what we think are discounted prices. Visa and Mastercard declined less than 5% as the global reopening experienced fits and starts. Our investment theses for these world-class businesses remain firmly intact.

Year-to-date, Alphabet – parent company of Google – has been the Fund's largest contributor by far with a gain of more than 50%. Digital advertising is a tremendous business with room to run, and the Google Cloud Platform provides another open-ended growth avenue. Charles Schwab has also been a contributor year-to-date, as the company continued to grow client assets while integrating the TD Ameritrade acquisition. The stock rebounded along with other rate-sensitive financials, yet we own it for its robust earning potential a few years out. Other top year-to-date contributors include Aon, Labcorp, CarMax, Danaher, and Oracle which

have all posted returns of more than 35%. The breadth of the Fund's winners has been the real story for 2021 so far.

FIS has been the Fund's largest year-to-date detractor, for the reasons outlined above. CoStar Group, another year-to-date detractor, is focused on playing the very long game in commercial real estate information and services. While the stock has been noisy as two potential strategic deals have come and gone (RentPath and CoreLogic), recent events have not dampened our enthusiasm for CoStar's upside opportunity over the next decade. Mastercard's stock is down slightly so far in 2021, making it the only other year-to-date detractor.

The Weitz Quality at a Discount (QuaD) investing framework means owning a collection of high-quality businesses, purchased at sensible prices, with a longer time horizon than most investors. Turnover is low almost by definition, yet our team strives to continually improve the portfolio. We increased the Fund's position in CoStar Group when the stock traded into the low \$80s, which was below our estimate of intrinsic value. We also added to Visa and Mastercard as we think the risk/reward trade-off for these durable businesses has become increasingly favorable. Selling activity was negligible in the quarter. As always, decisions are based on stock prices relative to our value estimates, fundamental progress at each business, quality score considerations, and analyst conviction.

The portfolio is focused and well-aligned with our vision for successful large-cap investing. We have concentrated ownership stakes in 27 companies, with the top ten representing 47% of the portfolio. Each position is significant enough to matter, yet none can individually make or break our results. Our current estimate is that the portfolio trades at a price-to-value in the mid-90s. Several core holdings still have a chance for outsized gains over a multi-year period. Most, however, are priced for adequate return potential primarily from expected growth in per-share business value.

## Top Relative Contributors and Detractors

For the QUARTER ending 09/30/2021

TOP CONTRIBUTORS					TOP DETRACTORS				
	Return	Average Weight	Contribution	% of Net Assets		Return	Average Weight	Contribution	% of Net Assets
Aon PLC (AON)	19.93%	5.12	0.90%	5.3%	Fidelity National Information Services, Inc. (FIS)	-13.85%	3.12	-0.45%	2.9%
Danaher Corp. (DHR)	13.52%	4.37	0.56%	4.2%	Visa, Inc. (V)	-4.60%	3.91	-0.17%	4.0%
Thermo Fisher Scientific, Inc. (TMO)	13.31%	3.97	0.48%	4.2%	Mastercard, Inc. (MA)	-4.66%	3.56	-0.15%	3.6%
Alphabet, Inc. – Class C (GOOG)	6.34%	7.45	0.45%	7.4%	Amazon.com, Inc. (AMZN)	-4.51%	2.84	-0.12%	2.8%
AutoZone, Inc. (AZO)	13.79%	2.71	0.36%	2.9%	Roper Technologies, Inc. (ROP)	-5.01%	2.55	-0.12%	2.4%

Source: FactSet Portfolio Analytics

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 09/30/2021: CarMax, Inc. (KMX) 2.9%, CoStar Group, Inc. (CSGP) 3.8%, Laboratory Corp. of America Holdings (LH) 3.5%, Oracle Corporation (ORCL) 2.8%, Willis Towers Watson PLC (WLTW) 0.0%.

## Average Annual Total Returns

AS OF 09/30/2021										
	YTD	1-year	3-year	5-year	10-year	Since Inception*	Inception Date	Net Expense	Gross Expense	
Value Fund - Investor (WVALX)	20.07%	32.22%	18.56%	16.24%	14.14%	10.94%	05/09/1986*	1.04%	1.04%	
Value Fund - Institutional (WVAIX)	20.22%	32.47%	18.81%	16.49%	14.31%	10.99%	07/31/2014	0.88%	0.88%	
Russell 1000®	15.19%	30.96%	16.41%	17.10%	16.75%	11.00%	-	-	-	
S&P 500®	15.92%	30.01%	15.98%	16.89%	16.61%	10.96%	-	-	-	

\*Denotes the Fund's inception date and the date from which Since Inception performance is calculated.

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 10/19/2021, 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 07/31/2022.

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.

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 1000** measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. 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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