

VALUE FUND

Portfolio Manager: Brad Hinton, CFA

Investment Style: Large-Cap Value

The Value Fund's Institutional Class returned +9.22% for the second quarter compared to +8.55% for the S&P 500 and +8.54% for the Russell 1000. Year to date, the Fund's Institutional Class has returned +17.32% compared to +15.25% for the S&P 500 and +14.95% for the Russell 1000.

Stock investors enjoyed another quarter of broad-based gains. While “growth tech” surged back into a familiar leadership position, most sectors posted healthy returns. Our companies continued to do well in an economic landscape filled with crosscurrents, and their stock prices generally followed suit.

Digital advertising giants Alphabet – parent company of Google – and Facebook paced the Fund's quarterly contributors. Both have extremely powerful business models, pristine balance sheets, and stocks that trade at moderately discounted valuations. Both also live in the spotlight's glare with distinct regulatory risks. With these risks in mind, we have managed our collective position sizing. Another contributor, Danaher's stock hit new highs due to strong results and a bright multi-year outlook. Following last year's successful acquisition of Cytiva, the company announced a deal to buy privately held Aldevron with the intention of expanding its genomic medicine capabilities and reach. We expect Danaher's investments in long runway, durable strategic assets to help drive cash flows for many years. A number of other holdings delivered double-digit quarterly returns, while CarMax was the only modest detractor after a strong first-quarter run.

In addition to strong quarterly performance, Alphabet was also the largest year-to-date contributor with an exceptional 43% return, driven in part by the profitability of its services businesses and the upside potential of Google Cloud Platform. Other year-to-date contributors include Charles Schwab, CarMax, and LabCorp which have all posted greater than 35% gains. Each maintained a steadfast focus on building long-term business value throughout the pandemic and nascent recovery. CoStar Group, the fund's only year-to-date detractor, shares this focus on playing the very long game. 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.

We added Roper Technologies to the portfolio during the quarter. Roper is a collection of 47 high-quality operating companies, with a unique, easily identified, and sustainable culture and capital allocation strategy. Weitz director of research Barton Hooper's high-level description of the Roper culture is “think long-term, do better than last year, drive organic growth, operate with complete transparency, and hire people better than you.” The company is also well known for its Cash Return on Investment focus. This framework drives a disciplined acquisition program designed to surface very good businesses run by excellent managers who fit the decentralized culture.

Roper pivoted in recent years to niche software and marketplace companies, both fertile areas in which our research team is well versed. After the recent Vertafore software acquisition, the largest in Roper's history, our team refreshed our quality score and valuation of the company. We think the company can grow revenues and cash flows at a healthy rate over our investing horizon, from a combination of organic growth, margin expansion and prudent capital deployment. With top-tier management and great raw material, Roper is well positioned to deliver solid returns to long-term owners.

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 holdings of CoStar Group as the stock treaded water against a rising market. We trimmed several positions on stock price strength, most notably Oracle, Berkshire Hathaway, and LabCorp. This type of limited, periodic rebalancing is disciplined but not mechanical. 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 roughly 46% of the portfolio. Each position is significant enough to matter, yet none can individually make or break our results. Our current estimation 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.

Value Matters: It's Not Supposed to be Easy

With stock valuations high, odds of continuing to earn strong returns in the short term may be low. But investors should stay focused on the long run and continue to take a patient, disciplined approach.

Top Relative Contributors and Detractors

For the QUARTER ending 06/30/2021

| TOP CONTRIBUTORS | | | | | TOP DETRACTORS | | | | |
|---------------------------------|--------|----------------|--------------|-----------------|--------------------|--------|----------------|--------------|-----------------|
| | Return | Average Weight | Contribution | % of Net Assets | | Return | Average Weight | Contribution | % of Net Assets |
| Alphabet, Inc. (GOOG) | 21.18% | 7.21 | 1.44% | 7.0% | CarMax, Inc. (KMX) | -2.65% | 2.96 | -0.10% | 2.9% |
| Facebook, Inc. (FB) | 18.06% | 4.56 | 0.79% | 4.9% | | | | | |
| Danaher Corp. (DHR) | 19.31% | 3.81 | 0.70% | 4.0% | | | | | |
| Liberty Broadband Corp. (LBRDK) | 15.66% | 4.59 | 0.68% | 4.9% | | | | | |
| The Charles Schwab Corp. (SCHW) | 11.95% | 4.80 | 0.58% | 4.4% | | | | | |

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 06/30/2021: Berkshire Hathaway Inc. (BRK.B) 4.6%; CoStar Group, Inc. (CSGP) 3.5%; Laboratory Corp. of America Holdings (LH) 3.5%; Roper Technologies, Inc. (ROP) 2.6%; Oracle Corporation (ORCL) 2.5%.

Average Annual Total Returns

AS OF 06/30/2021

| | YTD | 1-year | 3-year | 5-year | 10-year | Since Inception* | Inception Date | Net Expense | Gross Expense |
|------------------------------------|--------|--------|--------|--------|---------|------------------|----------------|-------------|---------------|
| Value Fund - Investor (WVALX) | 17.24% | 43.89% | 19.75% | 16.24% | 12.58% | 10.95% | 05/09/1986* | 1.08% | 1.08% |
| Value Fund - Institutional (WVAIX) | 17.32% | 44.15% | 20.01% | 16.50% | 12.75% | 11.00% | 07/31/2014 | 0.89% | 0.94% |
| Russell 1000® | 14.95% | 43.07% | 19.14% | 17.98% | 14.88% | 11.07% | - | - | - |
| S&P 500® | 15.25% | 40.79% | 18.65% | 17.64% | 14.82% | 11.02% | - | - | - |

*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 07/22/2021, 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 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 or from a financial advisor. Please read the prospectus carefully before investing.

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