3Q 2022

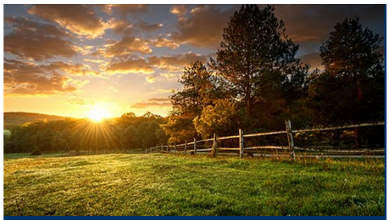
VALUE FUND

Portfolio Managers: Brad Hinton, CFA
Investment Style: Large-Cap Equity

Weitz | INVESTMENT MANAGEMENT

The Value Fund's Institutional Class returned -7.10% for the third quarter compared to -4.61% for the Russell 1000. Year-to-date, the Fund's Institutional Class has returned -28.20% compared to -24.59% for the Russell 1000.

The third quarter was another adventure for investors. Stocks staged a classic bear market rally for the better part of two months. Then in late August, Fed Chair Jerome Powell quickly changed the mood at the Jackson Hole Economic Symposium. He opened his speech by saying “Today, my remarks will be shorter, my focus narrower, and my message more direct.” Direct, it was. Job one would be taming inflation. To that end, the Fed would continue to raise interest rates via “forceful and rapid steps to moderate demand.” Chair Powell suggested clearly that the path ahead would “bring some pain to households and businesses.” Investors got the message and scrambled for cover, with the broad stock indexes declining to fresh 2022 lows at quarter-end.



VALUE MATTERS:
Don't Wait for the Robins

In a market being driven by fear, investors must remember that temporary slowdowns do not impair the business value of strong companies. And while bear markets may be painful, history has shown that they can end when you least expect it.

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Monetary policy works with a meaningful lag. While we cannot predict the full economic impact of the Fed's actions, it seems clear that there will be both intended and unintended consequences along the way. Near-term earnings are the wildcard with a potential recession looming on the horizon. In our view, the case for owning durable, resilient, and adaptable businesses has never been stronger. We like our collection of companies, and we think their stocks are generally priced at sensible (or better) levels.

CoStar Group, Vulcan Materials, Charles Schwab, and Gartner were the Fund's largest quarterly contributors, all posting double-digit returns. Liberty Broadband, Alphabet, CarMax, and Adobe were the Fund's largest quarterly detractors, with declines ranging from 12% at Alphabet to 36% at Liberty Broadband. Perhaps fitting for a bear market, we think the “winners” and the “losers” on the list continue to trade at discounts to our value estimates. We still own them all.

Meta Platforms, Liberty Broadband, Alphabet, CarMax, and Salesforce were the Fund's largest year-to-date detractors. JPMorgan Chase was the Fund's only positive contributor year-to-date, due to a timely sale back in January. AutoZone, Charles Schwab, Aon, and CoStar Group were also relative bright spots. These stocks held up far better than the market, helping to cushion the Fund's year-to-date decline.

Many of the Fund's highly profitable, lower multiple, and ostensibly more defensive holdings have fully participated in the year's drawdown. Examples of these “baseload” positions include LabCorp, Oracle, and Fidelity National Information Services. We can explain why these stocks are down, but the amount they have declined seems excessive. We have rechecked our assumptions and stayed the course.

Cable broadband stocks have been pummeled as lackluster customer additions fell well short of expectations. Competitive intensity has increased as fixed wireless internet and fiber network alternatives gain subscribers. While more competition is never helpful, our broad take is that current trends overstate the long-term threat. We reshaped the Fund's exposure by adding to Liberty Broadband and exiting Comcast. The idea is to create more concentrated upside potential via the pure-play Liberty Broadband, with less overall exposure to the industry. Liberty Broadband's primary asset is a 26% stake in Charter Communications. Charter is not sitting still; the company is adapting via footprint expansion into underserved areas, price-advantaged mobile line growth, and so on. Charter's hefty free cash flows are valuable in the hands of proven, astute capital allocators. Time will tell, but to paraphrase country music artist Merle Haggard, we do not yet think cable's good times are really over for good.

Software stocks continued to slide, but Adobe created its own drama when the company agreed to acquire privately held Figma for an eye-popping $20 billion. Figma's strategic fit with Adobe's creative business is quite sound, perhaps exceptional, but the price tag was undeniably high. The deal raised questions about our quality score assessment, particularly around capital allocation, management, and competitive position. We reset growth expectations and lowered our business value estimate, but not nearly as much as the stock price declined. While our diligence is ongoing, we answered enough to add modestly to the position. Our equity research analyst will have an opportunity to keep drilling deeper at the upcoming Adobe MAX user conference and financial investor meeting. If our views change as we learn more, so will our positioning.

The portfolio is focused and well-aligned with our vision for successful large-cap investing. We have concentrated ownership stakes in 26 companies, with the top ten representing 48% 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 60s, though these estimates are more fluid than usual. We believe that most holdings have a chance for healthy gains over a multi-year period. Others are priced for adequate return potential primarily from expected growth in per-share business value.

Top Relative Contributors and Detractors

TOP CONTRIBUTORS (%)

	Return	Average Weight	Contribution	% of Net Assets
CoStar Group, Inc.	15.27	5.20	0.67	5.6
Vulcan Materials Co.	11.25	3.98	0.32	4.4
The Charles Schwab Corp.	14.10	2.77	0.27	3.3
Gartner, Inc.	14.42	3.09	0.26	3.5
Amazon.com, Inc.	6.39	3.10	0.09	3.2

TOP DETRACTORS (%)

	Return	Average Weight	Contribution	% of Net Assets
Liberty Broadband Corp.	-36.28	4.23	-1.69	3.8
Alphabet, Inc.	-12.09	7.36	-0.85	7.2
CarMax, Inc.	-27.02	3.26	-0.81	2.6
Adobe, Inc.	-24.96	2.80	-0.65	2.5
Fidelity National Information Services, Inc.	-17.09	3.89	-0.64	3.7

Data is for the quarter ending 09/30/2022. 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 09/30/2022: Aon plc 3.0%, AutoZone, Inc. 0.0%, Charter Communications, Inc. 0.0%, Comcast Corp. 0.0%, JPMorgan Chase & Co. 0.0%, Laboratory Corp. of America Holdings 3.1%, Meta Platforms, Inc. 3.8%, Oracle Corp. 2.8%, and Salesforce, Inc. 2.5%.

RETURNS (%)

	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS									
	QTR	YTD	1-YR	3-YR	5-YR	10-YR	20-YR	30-YR	35-YR	Since Inception (5/9/1986)	Net Expense	Gross Expense
WVAIX Institutional Class	-7.10	-28.20	-24.16	4.93	7.41	8.64	7.69	9.77	9.92	9.83	0.89	0.90
WVALX Investor Class	-7.17	-28.30	-24.29	4.73	7.19	8.46	7.59	9.71	9.86	9.78	1.04	1.04
Russell 1000 Index	-4.61	-24.59	-17.22	7.94	8.99	11.60	9.96	9.64	9.56	10.11	-	-
S&P 500 Index	-4.88	-23.87	-15.47	8.15	9.23	11.69	9.83	9.55	9.47	10.13	-	-

Data is for the quarter ending 09/30/2022. 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 10/20/2022, 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.

Performance quoted for Institutional Class shares before their inception (07/31/2014) 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 largecap 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.

Weitz Securities, Inc. is the distributor of the Weitz Funds.