2Q 2024

CORE PLUS INCOME FUND

Portfolio Managers: Tom Carney, CFA® & Nolan Anderson
Investment Style: Intermediate-Term Bond

Weitz | INVESTMENT MANAGEMENT

The Core Plus Income Fund's Institutional Class returned +0.66% for the second quarter compared to a +0.07% return for the Bloomberg U.S. Aggregate Bond Index (Agg). Year-to-date, the Fund's Institutional Class returned +0.94% compared to -0.71%for the index. While we are pleased with positive absolute and strong relative results during the first half of the year, our focus remains on longer-term (5-, 7-year) results, which continue to outpace the index.

LSEG Lipper Fund Awards
2024 Winner
United States

OVER 3 & 5 YEARS
CORE PLUS BOND FUNDS CATEGORY

FIXED INCOME INSIGHTS:

The Calm Before...

Today's landscape of low credit spreads creates a unique set of challenges for fixed income investors. In this type of environment, we believe our ability to cast a wide net and invest wherever we see the best risk-adjusted opportunities, serves as a meaningful advantage.

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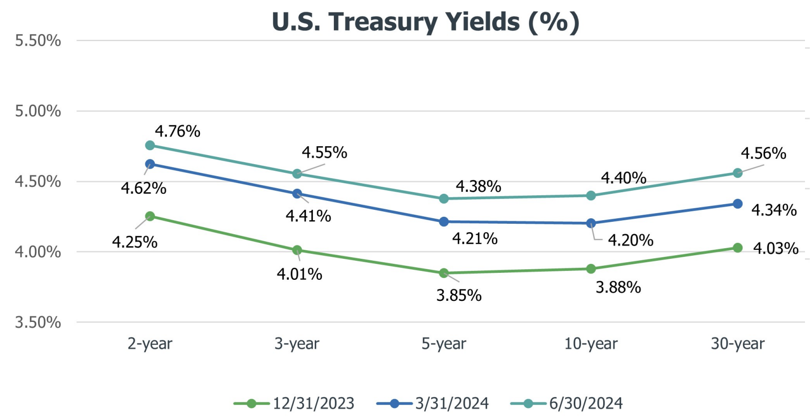
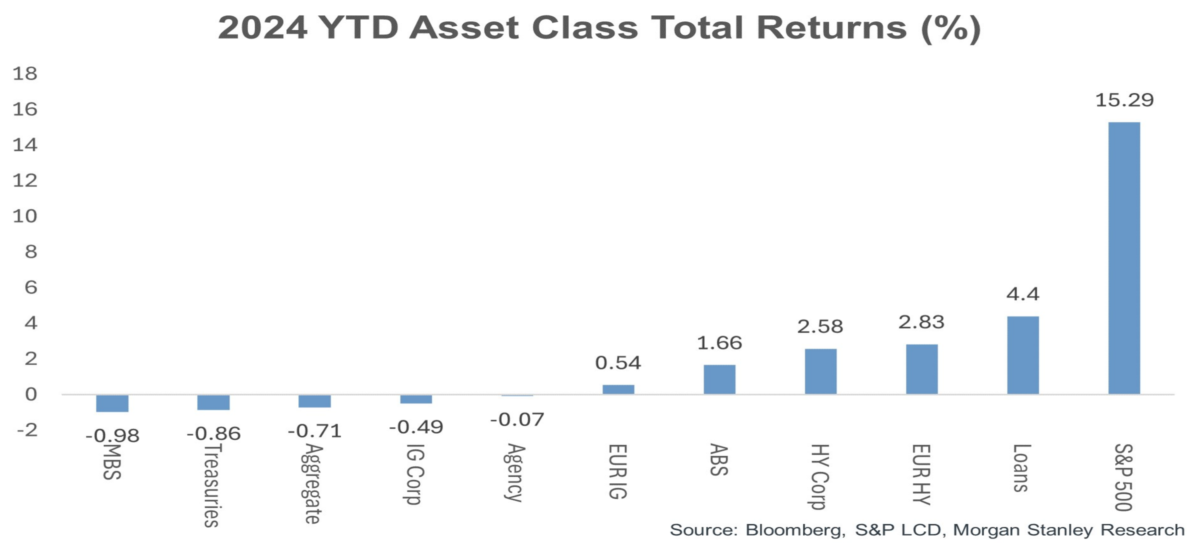
Overview

U.S. Treasury interest rates continued to climb in the second quarter of 2024, although more modestly overall than they did in the first quarter. Large rate increases across the yield curve in April were mostly reversed in May and June, leaving overall base rates 10 to 20 basis points (bps) higher at quarter-end. The chart below provides a view of rates across the yield curve.

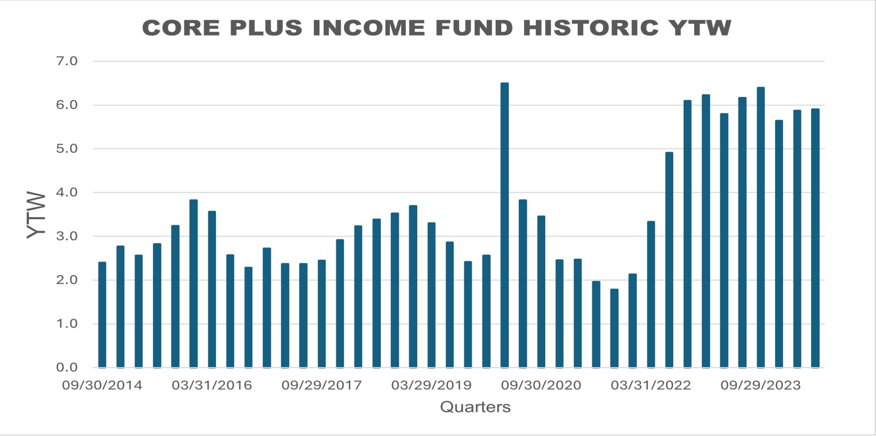


Credit spreads were largely rangebound in the second quarter and remained near 10-year lows. Broad investment-grade spreads increased by two bps to end the quarter at 96. Despite intra-quarter widening, high-yield spreads ended the quarter at 321 bps, up from 315 as of March 31, 2024. The table below provides a year-to-date breakdown of total returns across various asset classes. High-yield, floating-rate loans (CLOs), and asset-backed securities (ABS) best weathered the base rate increases through higher coupon income and generally shorter average lives. The latter two categories are a meaningful component of the Core Plus Income Fund.



Source: Bloomberg, S&P LCD, Morgan Stanley Research

The chart to the right provides a long-term view of the Core Plus Income Fund's potential forward return prospects as measured by yield to worst (YTW). From inception through mid-2022, the Fund's YTW only breached 4% during the teeth of COVID. It has now exceeded 5.5% for eight consecutive quarters. Given the average of 3.6% for the time series to the right, today's forward return prospects, as measured by a YTW of 5.9% on June 30, 2024, compared to 5.0% for the index, reinforce the role fixed income can have in a diversified portfolio.



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)

	6/30/2024	3/31/2024	Qtr Over Qtr Change	6/30/2023	Yr Over Yr Change
Corporate Bonds	12.8	12.2	+0.6	14.9	-2.1
Corporate Convertible Bonds	0.1	0.1	0.0	0.3	-0.2
Asset-Backed Securities (ABS)	20.7	23.1	-2.4	27.6	-6.9
Corporate Collateralized Loan Obligations (CLOs)+*	*7.1*	*10.1*	*-3.0*	*9.3*	*-2.2*
Commercial Mortgage-Backed Securities (CMBS)+	5.2	5.0	+0.2	6.1	-0.9
Agency Mortgage-Backed (MBS)	26.4	22.8	+3.6	7.6	+18.8
Non-Agency Mortgage Backed (RMBS)	3.9	3.7	+0.2	2.3	+1.6
Municipal Bonds	0.0	0.0	0.0	0.1	-0.1
Non-Convertible Preferred Stock	0.0	0.1	-0.1	0.1	-0.1
U.S. Treasury	28.9	31.2	-2.3	37.4	-8.5
Cash & Equivalents	2.0	1.8	+0.2	3.6	-1.6
TOTAL	100	100		100	
High Yield**	3.6	2.8	+0.8	4.9	-1.3
Average Effective Duration	5.6	5.5	+0.1	5.4	+0.2
Average Effective Maturity	9.5	9.4	+0.1	8.6	+0.9

**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. +Corporate CLOs and CMBS may include private credit investments.*

The most notable change in sector allocation during the second quarter (and year-over-year) was an increase in mortgage-backed securities (MBS). In total, MBS represents over 30% of fund assets, which is the largest allocation in the Fund's near-10-year history. Our MBS portfolio is comprised of primarily agency mortgages (Fannie Mae and Freddie Mac), but it also includes a relatively small allocation (~4%) in prime jumbo MBS (mortgages too large to be eligible for inclusion in agency MBS). From a coupon perspective, the large majority of our MBS holdings are 5% coupon or higher. We believe the combination of higher coupon income on newer production mortgages and wider MBS spreads over the past year have made the relative value proposition versus other higher-quality investment-grade corporate bonds quite compelling.

In addition to MBS, we were active across ABS, commercial mortgage-backed securities (CMBS), and corporate bonds. We want to highlight two new, out-of-index ABS investments we made during the second quarter.

Switch Data Centers

Founded in 2000 by Rob Roy, Switch Data Centers is a recognized leader in data center design, development, and mission-critical operations. Over the past several years, Mr. Roy has developed more than 700 patent and patent-pending claims in the data center industry. In December 2022, the digital infrastructure investment group DigitalBridge completed the acquisition of Switch for $11 billion. Since closing the deal, DigitalBridge has leveraged their significant data center expertise to help build a multi-billion dollar backlog of new data center projects aided by the next wave of computer power. To help fund its backlog of new data center developments and refinance acquisition-related debt, Switch tapped the ABS market for its inaugural deal in March 2024, followed by their second transaction the following June. We participated in both transactions, investing in the senior notes in the inaugural deal and the non-investment grade notes in their second securitization. Looking out 3-5 years, we believe Switch is well positioned to take advantage of significant growth opportunities within the data center industry, aided by a strong management team, large and diversified customer base, and well-respected data center owner/operator in DigitalBridge.

United Auto Credit

United Auto Credit is a specialty finance company, focused on the purchase of automobile loans from franchise and independent dealerships throughout the U.S since 1996. On February 1, 2022, Vroom, an e-commerce auto retailer, acquired United Auto for $300 million. After almost two years of ownership, Vroom announced in January 2024 that it was discontinuing its e-commerce operations and winding down its used vehicle dealership business. While this has created significant uncertainty around the long-term corporate strategy of Vroom, we believe United Auto Credit remains a viable auto finance business with over 80,000 automobile loans with an outstanding balance of approximately $1.1 billion as of March 31, 2024. From a credit perspective, we have followed United Auto Credit since participating in their inaugural auto ABS securitization in 2012. In April 2024, United Auto Credit brought their first securitization of the year, which garnered less-than-expected investor interest in the lower-rated (BBB and BB) notes. As a result, the deal was structured with more credit enhancement to further protect the lower-rated notes, and spreads widened to account for the parent company uncertainty. The Core Plus Fund participated in the Class B (AA-rated), Class C (A-rated), and Class D (BBB-rated) notes, which we believe are attractive shorter-duration (~ 2 year) investments.

In terms of overall portfolio metrics, the Fund's average effective maturity increased to 9.5 years as of June 30, 2024, from 9.4 years as of March 31, 2024, while the average effective duration increased to 5.6 years from 5.5 years over the same time period, compared to the Agg's average effective duration of 6.1 years on June 30, 2024. These measures provide a guide to the Fund's interest rate sensitivity. A higher average effective duration increases the Fund's price sensitivity to changes in interest rates (either up or down).

As of June 30, our high-yield exposure as a percent of net assets was 3.6%, up from 2.8% on March 31, 2024. The Fund can invest up to 25% of net assets in high yield, therefore we have ample capacity to take advantage of valuation discrepancies/opportunities in the high yield area.

Top Quarterly Contributors

- **Collateralized loan obligations (CLOs).** Our portfolio of commercial real estate and middle-market corporate CLOs was the largest contributor to performance during the quarter. Positive returns were driven by strong coupon income and modest price appreciation, due to strong sector and security selection.
- Asset-backed securities. Positive returns in our ABS portfolio were driven by strong coupon income and modest price appreciation, due to strong sector and security selection.
- **Agency mortgage-backed securities (MBS).** Our agency MBS portfolio generated a modest positive return due to strong coupon income and declines in MBS spreads during the quarter.
- **Corporate bonds**. Our corporate bonds — led by REITS and financials — generated strong absolute returns as credit spreads tightened during the second quarter.

Top Quarterly Detractors

- **U.S. Treasury bonds.** With a duration of over 10 years, our Treasury portfolio experienced unrealized mark-to-market losses as interest rates increased during the quarter.

Fund Strategy

Our approach consists primarily of investing in a diversified portfolio of high-quality bonds while maintaining an overall portfolio average duration of 3.5 to 7 years. We may seek to capture attractive coupon income and potential price appreciation by investing in longer-duration and lower-quality bonds when attractively priced. We may also invest up to 25% in fixed income securities that are not considered investment grade (such as high-yield and convertible bonds as well as preferred and convertible preferred stocks), and we do so when we perceive the risk/reward characteristics to be favorable.

We do not, and will not, try to mimic any particular index as we construct our portfolio. We believe our flexible mandate and high-conviction portfolio will benefit investors over the long term. We utilize a bottom-up, research-driven approach and select portfolio assets one security at a time based on our view of opportunities in the marketplace. Our fixed income research is not dependent on, but often benefits from, the due diligence work our equity teammates conduct on companies and industries.

Overall, we strive to be adequately compensated for the risks assumed in order to maximize investment (or reinvestment) yield and to avoid making interest rate bets, particularly those that depend on interest rates going down. We have often maintained a lower duration profile than the index, particularly in very low-yield environments. Our shorter duration profile has benefited shareholders in periods of rising interest rates.

Maintaining a diversified portfolio and liquidity reserves is a key element of our risk management approach. As a result, we have not held back from owning U.S. Treasury bonds and, at times like now, cash reserves. We believe this approach has served our clients well, particularly in extreme market environments like the pandemic brought upon us in March 2020.

RETURNS (%)

	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS				Since Inception		
	QTR	YTD	1-YR	3-YR	5-YR	7-YR	(7/31/2014)	Net Expense	Gross Expense
WCPBX Institutional Class	0.66	0.94	4.31	-0.79	2.23	2.70	3.00	0.45	0.52
WCPNX Investor Class	0.64	0.91	4.22	-0.84	2.14	2.57	2.85	0.65	0.79
Bloomberg U.S. Agg Bond Index	0.07	-0.71	2.63	-3.02	-0.23	0.86	1.38	-	-

YIELDS (%)

	30-DAY SEC YIELD		
	Subsidized	**Unsubsidized**	**Distribution Yield**
WCPBX	5.52	5.44	5.39
WCPNX	5.42	5.27	5.29

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

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. **Distribution yield** is a measure of yield calculated by taking a fund's most recent income distribution payment divided by its net asset value (NAV) and expressed as an annual rate.

Data is for the quarter ending 06/30/2024. 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 07/20/2024, 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 07/31/2025.

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.

Index performance is hypothetical and is shown for illustrative purposes only. You cannot invest directly in an index. **The Bloomberg U.S. Aggregate Bond** index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.
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. **Basis point (BPS)** refers to a unit of measurement that is equal to 1/100th of 1%, or 0.01%. **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. Spreads are measured by **ICE BofA** which is a group of indexes that track the performance of U.S. dollar-denominated debt issued in the U.S. domestic market. **Middle market CLOs** refer to collateralized loan obligations backed by loans made to smaller companies, which companies generally have earnings before interest, taxes, and amortization of 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. **Credit spread** is the difference in yield between two debt instruments with different credit ratings but the same maturity.

 Weitz Core Plus Income Fund (WCPBX) winner for the three- and five-year periods in Lipper›s Core Plus Bond Funds category. Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure. For more information, see lipperfundawards.com.

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. The Fund may purchase lower-rated and unrated fixed-income securities, which involve an increased possibility that the issuers of these may not be able to make payments of interest and principal. 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.

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