3Q 2024

CORE PLUS INCOME FUND

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

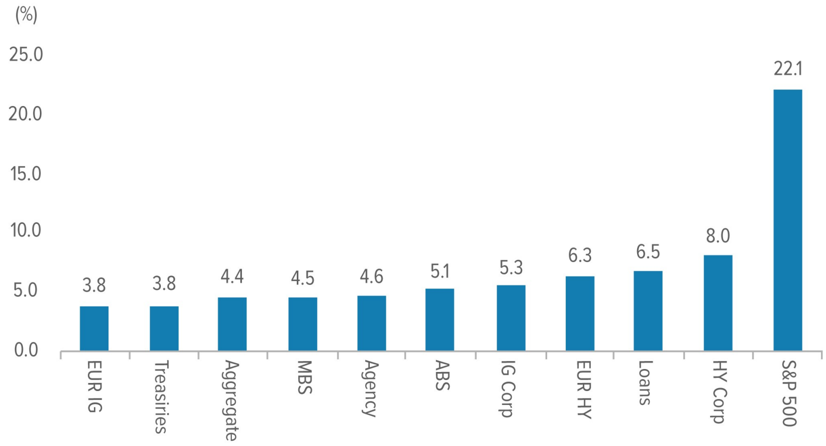
Weitz | INVESTMENT MANAGEMENT

The Core Plus Income Fund's Institutional Class returned +4.81% for the third quarter compared to a +5.20% return for the Bloomberg U.S. Aggregate Bond Index (Agg). Year-to-date, the Fund's Institutional Class returned +5.80% compared to +4.45% for the index. While we are pleased with positive absolute and strong relative year-to-date results, our focus remains on longer-term results, which continue to outpace the index.

Overview

The long-awaited Fed cutting cycle is here. On September 18, the Federal Reserve delivered a decisive 50-basis point cut to the Federal Funds rate. Moreover, by the power of its "dot plot" projections, the Fed expects short-term interest rates to decline an additional 200 basis points over the next two years. Whether this comes to fruition or not is anybody's guess, but as markets often do, interest rates and credit spreads rallied ahead of the Fed's anticipated policy moves. This resulted in strong third-quarter returns across fixed income markets, leading to solid year-to-date results, with the highest credit risk categories leading the charge.

2024 YTD Asset Class Total Returns (%)



Source: Morgan Stanley Research. As of 9/30/2024

FIXED INCOME INSIGHTS:

Not So Fast??

On September 18, the Federal Reserve delivered a decisive 50-basis point cut to the Federal Funds rate. By the power of its "dot plot" projections, the Fed expects short-term interest rates to decline an additional 200 basis points over the next two years. What does historical data tell us is likely to happen next?

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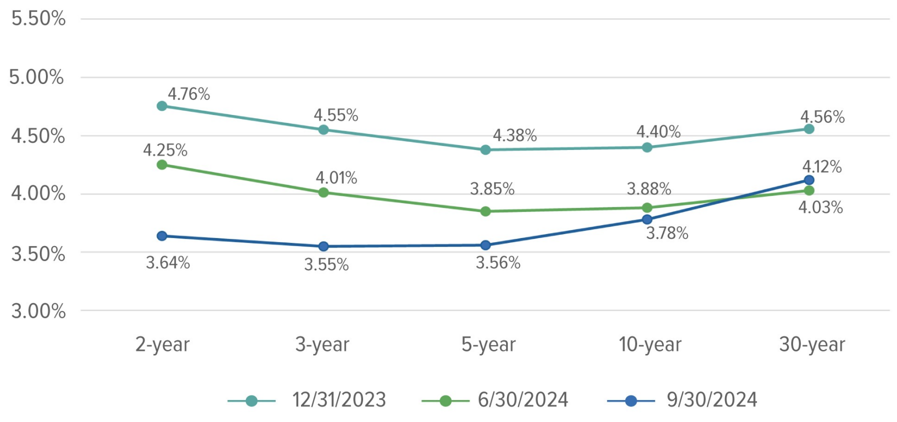
U.S. Treasury interest rates declined meaningfully in the third quarter of 2024, with the largest rate declines in the 2- and 5-year portion of the yield curve as the chart below highlights.

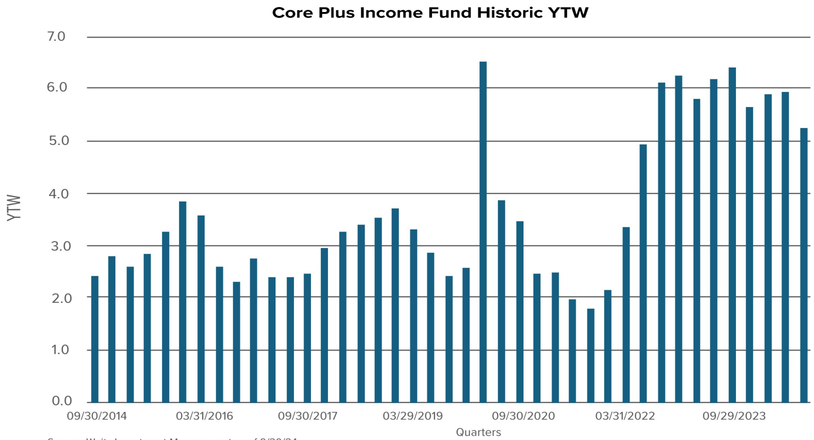
Corporate credit spreads continued to grind tighter in the quarter, resulting in less margin for error should any unwanted economic, geopolitical, and/or market turbulence arise. Broad investment grade credit spreads remain near historic lows. As measured by the ICE BofA, investment grade credit spreads declined from 96 basis points (bps) on June 30 to 92 bps as of September 30. High yield spreads (as measured by the ICE BofA) were even tighter declining from 321 bps as of June 30 to 303 bps as of September 30.

U.S. Treasury Yields (%)



Source: Bloomberg as of 9/30/24.

The chart to the right provides a long-term view of the Core Plus Income Fund's historical yield to worst (YTW), which represents the worst-case possible annualized return, absent defaults, that a bond or portfolio could earn based on a point-in-time snapshot of market prices. From inception through mid-2022, the Fund's YTW only breached 4% during the teeth of COVID. It has now exceeded 5% for nine consecutive quarters. Given the average of 3.7% since inception, today's YTW of 5.2% on September 30th, 2024, as compared to 4.2% for the index, reinforce the improved role we believe fixed income has in an overall asset allocation framework.



Source: Weitz Investment Management as of 9/30/24.

In terms of overall portfolio metrics, the Fund's average effective maturity shifted from 9.5 years as of June 30 to 9.0 years as of September 30, while the average effective duration remained stable at 5.5 years, compared to the Agg's average effective duration of 6.1 years on September 30. 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 September 30, our high-yield exposure as a percent of net assets was 3.9%, up from 3.6% on June 30. 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.

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.

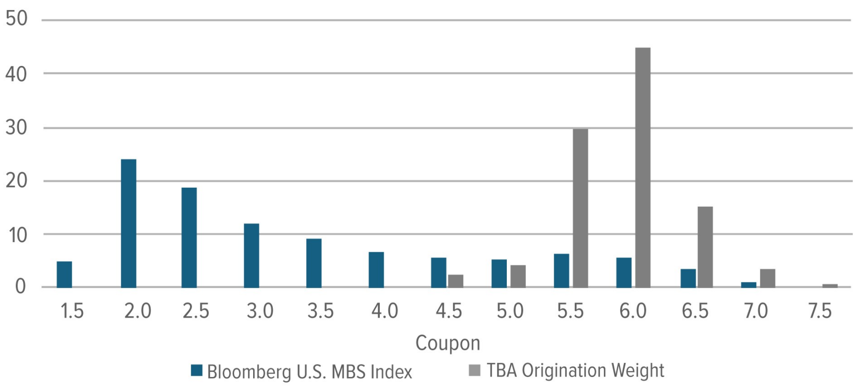
SECTOR ALLOCATION (% of net assets)	**9/30/2024**	**6/30/2024**	Qtr Over Qtr Change	**9/30/2023**	Yr Over Yr Change
Corporate Bonds	12.2	12.8	-0.6	14.3	-2.1
Corporate Convertible Bonds	0.0	0.1	-0.1	0.1	-0.1
Asset-Backed Securities (ABS)	18.0	20.7	-2.7	26.7	-8.7
*Corporate Collateralized Loan Obligations (CLOs)**	*6.3*	*7.1*	*-0.8*	*9.8*	*-3.5*
Commercial Mortgage-Backed Securities (CMBS)	6.3	5.2	+1.1	5.9	+0.4
Agency Mortgage-Backed (MBS)	30.6	26.4	+4.2	10.7	+19.9
Non-Agency Mortgage Backed (RMBS)	3.3	3.9	-0.6	2.3	+1.0
Non-Convertible Preferred Stock	0.0	0.0	0.0	0.1	-0.1
Non-Convertible Preferred Stock	0.0	0.0	0.0	0.0	0.0
Municipal Bonds	0.0	0.0	0.0	0.1	-0.1
U.S. Treasury	28.4	28.9	-0.5	38.6	-10.2
Cash & Equivalents	1.2	2.0	-0.8	1.2	0.0
TOTAL	100	100		100	
High Yield**	3.7	3.6	+0.1	3.7	0.0
Average Effective Duration	5.5	5.6	-0.1	5.7	-0.2
Average Effective Maturity	9.0	9.5	-0.5	9.4	-0.4

**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.*

The most notable change in sector allocation during the third quarter was an increase in mortgage-backed securities (MBS). In total, MBS now represents approximately 34% of fund assets, which is the largest allocation in the Fund's 10-year history. Our MBS portfolio is comprised of primarily agency pass through mortgages (Fannie Mae and Freddie Mac), but also a relatively small allocation (~3%) in prime jumbo MBS (mortgages too large to be eligible for inclusion in agency MBS).

Given the dramatic change in interest rates since the COVID pandemic, the MBS market has changed significantly over the past four years. After hitting a low of 0.50% in August 2020, the 10-year Treasury remained below 2% until February 2022. Very low interest rates allowed most U.S. homeowners to refinance into historically low 30-year fixed rate mortgages. However, as interest rates rose significantly in 2022-2023, mortgage rates climbed, and origination volumes plummeted. As a result, MBS index today largely represents low coupon mortgages as homeowners have very little incentive to repay or refinance their existing debt. The table to the right illustrates the coupon range of the entire Bloomberg MBS Index and the current coupon or the "to-be-announced" (TBA) market, which represents the rates at which new mortgages have been originated. As of September 30, the average coupon of the MBS index is in the 3.00%-3.50% range versus newly originated mortgages generally in the 5.50%-6.50% range.

Coupon Distribution of MBS Index vs. Originations



Source: Bloomberg, Morgan Stanley and Yield Book as of 9/30/24.

From a coupon perspective, our current MBS holdings in the fund are concentrated in 4.5% coupon or higher (see table below). 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 terms of overall portfolio metrics, the Fund's average effective maturity increased to 9.5 years as of June 30, from 9.4 years as of March 31, 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. 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).

Stated somewhat differently, the 'rates' (fixed income) market can be segmented in three different ways: duration, or when you get your investment back; credit, if you get your investment back; and convexity, how you get your investment back. Absent a view that a severe economic decline is imminent, a flat to slightly inverted yield curve does not provide compelling rationale to be overweight duration. Similarly, credit spreads at multi-year lows provide little incentive to be overweight credit. That leaves convexity or selling imbedded optionality in the form of a call option to homeowners. We view convexity, as expressed in current coupon MBS, as representing one of the highest/best value in the 'rates' market.

MBS Coupon	% of Core Plus Income
4.0%	0.5
4.5%	7.8
5.0%	11.2
5.5%	9.3
6.0%	4.5
6.5%	0.5
Total	33.9

Source: Bloomberg and Weitz Investment Management as of 9/30/24.

In addition to MBS, we were active across asset-backed securities (ABS), commercial mortgage-backed securities (CMBS) and corporate bonds. In ABS, we wanted to highlight two investments. The first is secured by the Fiber network of ALLO Communications. ALLO Communications is a regional telecommunications company that focuses on providing high-speed fiber-optic services to both residential and business customers. Founded in 2003 and headquartered in Nebraska, the company offers a range of services including fiber internet, television, and phone systems. According to the company, within its markets, ALLO is the second largest high-speed provider and the largest pure-play fiber. Majority owned by Nelnet, a publicly listed company best known for education loans, ALLO has a long-term growth strategy that it believes should enable the business to scale significantly over the next 3-5 years.

We also invested in our first wireless network infrastructure business. Extenet is a privately held telecommunications infrastructure company founded in 2002, that designs, builds, and operates connectivity solutions. Their business model focuses on enhancing wireless service coverage and capacity in both indoor and outdoor environments. Extenet specializes in distributed networks, utilizing technologies like distributed antenna systems (DAS), small cells, fiber, and 5G solutions to improve wireless connectivity for mobile network operators (MNOs), venues, municipalities, and enterprises. The company operates as a "neutral host," meaning they deploy shared infrastructure that can be used by multiple wireless carriers. This model is designed to streamline network efficiency and reduce costs while aiming to offer better service in densely populated areas such as stadiums, hotels, and urban centers.

Top Quarterly Contributors

- **U.S. Treasury bonds.** U.S. Treasuries were the primary contributor to performance. With a duration of over 10 years, our Treasury portfolio experienced unrealized mark-to-market gains as interest rates declined during the quarter.
- **Agency mortgage-backed securities (MBS).** Our agency MBS portfolio generated solid returns during the quarter due to strong coupon income, lower interest rates and modestly tighter MBS spreads.
- **Asset-backed securities.** Positive returns in our ABS portfolio were driven by strong coupon income and price appreciation, due to strong sector and security selection. Strong performers include our recent investments secured by data centers and fiber networks.
- **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.
- **Corporate bonds**. Corporate bonds — led by REITs and financials — generated strong absolute returns as credit spreads tightened during the second quarter.

Top Quarterly Detractors

There were no material detractors to absolute performance during the third quarter.

Fund Strategy

Our approach consists primarily of investing in a diversified portfolio of primarily high-quality bonds while generally maintaining an overall portfolio average effective duration of 3.5 to 7 years. We may invest up to 25% in fixed income securities that are not considered investment-grade (such as high-yield and convertible bonds), and we do so when we perceive the risk/reward characteristics to be favorable.

Like the Fed, we remain 'data dependent' but not on the data that captivates the daily news stream. While being cognizant of the daily data noise, we remain resolute, and believe our time is better spent, on the fundamental work of identifying sectors, securities and sponsors that we believe will drive future returns for investors. Overall, we strive to be adequately compensated for the risks assumed while seeking to maximize investment (or reinvestment) income and avoid making interest-rate bets, particularly ones that depend on interest rates going down.

Our goals remain the same. Namely (a) preserve capital, (b) maintain a strong liquidity position, (c) understand evolving risks and opportunities, (d) conduct consistent/thorough credit surveillance, and (e) selectively take advantage of favorable risk/reward opportunities.

We believe our ability to cast a wider net across the fixed income landscape, particularly across securitized products that have meaningful structural enhancements, where higher income relative to indexes is available, remains a meaningful advantage relative to more indexed constrained alternatives.

Average Annual Total Returns (%)

RETURNS (%)

	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS				Since Inception		
	QTR	YTD	1-YR	3-YR	5-YR	10-YR	(7/31/2014)	Net Expense	Gross Expense
WCPBX Institutional Class	4.81	5.80	11.98	0.71	2.77	3.48	3.40	0.45	0.52
WCPNX Investor Class	4.78	5.73	12.01	0.65	2.67	3.32	3.25	0.65	0.79
Bloomberg U.S. Agg Bond Index	5.20	4.45	11.57	-1.39	0.33	1.84	1.85	-	-

YIELDS (%)

	30-DAY SEC YIELD		
	Subsidized	Unsubsidized	Distribution Yield
WCPBX	5.06	4.97	5.25
WCPNX	4.86	4.79	5.13

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

CORE PLUS INCOME FUND

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 09/30/2024. 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 10/10/2024, 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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