

PARTNERS III OPPORTUNITY FUND

Portfolio Managers: Wally Weitz, CFA® & Drew Weitz
Investment Style: Long-Short Equity

We are pleased to report a strong third quarter for the Partners III Opportunity Fund on both an absolute and relative basis with the Fund's Institutional Class returning +9.38%, compared to +6.23% for the Russell 3000. Year-to-date, the Fund's Institutional Class returned +14.86% compared to +20.63% for the Russell 3000.

Investor focus in the third quarter expanded beyond the “magnificent” mega cap technology stocks (and perceived AI winners) this quarter, as the Fed signaled, then delivered the first interest rate cut since the depths of the pandemic. Assets shifted toward smaller and mid-sized companies as investors sought businesses more likely to benefit from a loosening of financial conditions. The quarter's broader advance (in contrast to recent, narrow market leadership) created a relative performance tailwind for the Fund given our strategy of owning high quality businesses of all sizes. It also serves as a reminder of the dominance of a handful of mega cap stocks on the capitalization weighted Russell 3000.

Notable Q3 Performers

The Fund's top contributor this quarter was Liberty Broadband (32% owner of Charter Communications). Shares in the Liberty holding company jumped as the company disclosed it had traded proposals with Charter to combine the two entities. We have long noted that Liberty Broadband shares have traded at a significant discount to the value of its Charter stake, and were pleased to learn the companies are looking for a mutually beneficial solution to realize that value for shareholders. Perimeter Solutions, the leading provider of wildfire retardants, was a standout performer for the quarter. An increased level of wildfire activity has generated strong demand and better than expected cash flows. With its much-improved balance sheet, Perimeter's management is more credibly positioned to evaluate additional investment opportunities. Continued strong operating momentum at Berkshire Hathway, magnified by its large portfolio weight, led to an outsized positive contribution for the quarter. Aon and Thermo Fisher Scientific rounded out the top five contributors for the quarter.

Alphabet was among those impacted by the rotation away from mega cap technology companies this quarter, placing this investment in the unusual position of being the top detractor to quarterly performance. Beyond shifting investor interests, Alphabet shares were further pressured as a federal judge ruled in August that the company had abused the monopoly position of its Google search engine. Many potential legal remedies exist, and it may be a year (or more) before the court renders its decision (and longer still for a potential appeal). We cannot predict the ultimate result of the case but remain convicted in the quality of Alphabet's businesses and ability to navigate potential outcomes.

This quarter, Liberty SiriusXM successfully completed its merger with SiriusXM, simplifying a complicated ownership structure by transforming our holdings of Liberty's tracking stock into a direct interest in the satellite radio business. Unfortunately, the merger comes as investors are concerned with recent, negative subscriber trends and diminished cash flow that have pressured shares of both entities this year. As a result, the new SiriusXM Holdings is the quarterly detractors list, however, at current prices, we believe investors are overly pessimistic about SiriusXM's future cash flows, and modestly added to our position. Amazon and Microsoft rounded out the top five detractors for the quarter. Strong performance by equities generally for the quarter resulted in negative contribution from the Fund's modest short position against an S&P 500 Index ETF.

Q3 Portfolio Activity

Portfolio activity tilted toward sales during the third quarter. We have taken profits as Perimeter Solutions has rallied strongly in response to this year's increased wildfire season, selling roughly one-third of the position. Other portfolio trims this quarter include Alphabet, CarMax, FIS, Labcorp Holdings, Liberty Global, Meta Platforms and Thermo Fisher Scientific. We exited our remaining Qurate preferred shares and closed our modest Liberty Live Nation pair trade, selling our remaining Liberty shares and covering the underlying Live Nation short position. As previously noted, our shares of Liberty SiriusXM transitioned into shares of the newly merged SiriusXM Holdings.

There were no new businesses added to the portfolio, though we continued to build an initial position in IDEX and added modestly to Global Payments on weakness. At quarter-end, our long and short exposures were generally unchanged: our gross long exposure was 93% and short position was roughly 5% of gross assets, resulting in a net long position of approximately 88%, consistent with the prior quarter.



VALUE MATTERS: Balancing Volatility and Opportunity

During the third quarter, money flowed into stocks other than Nvidia and the other “Magnificents” and a broader group advanced. The bond market also got a boost from investor anticipation of the Fed rate cut that finally materialized in September. Read More...

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Top Contributors and Detractors

TOP CONTRIBUTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Liberty Broadband Corp.	40.96	5.31	2.00	6.4
Perimeter Solutions SA	71.49	3.26	1.88	3.1
Berkshire Hathaway, Inc.	13.14	11.32	1.47	11.3
Aon plc	18.09	3.88	0.67	4.0
Thermo Fisher Scientific, Inc.	11.85	5.25	0.64	4.9

TOP DETRACTORS (%)				
	Return	Average Weight	Contribution	% of Net Assets
Alphabet, Inc.	-8.70	4.43	-0.50	4.0
Sirius XM Holdings, Inc.	-13.58	0.66	-0.46	3.0
SPDR S&P 500 ETF Trust†	5.41	-4.61	-0.26	-4.6
Amazon.com, Inc.	-3.58	3.69	-0.16	3.6
Microsoft Corp.	-3.56	3.06	-0.12	2.9

Data is for the quarter ending 09/30/2024. 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 09/30/2024: IDEX Corp., 3.4%; Live Nation Entertainment, Inc., 0.0%; CarMax, Inc., 3.9%; Labcorp Holdings, Inc., 3.1%; Liberty Global, Ltd., 3.2%; Meta Platforms, Inc., 3.5%; Qurate, 0.0%; Fidelity National Information Services, Inc., 1.9%; Global Payments, Inc., 4.2%; and NVIDIA Corp., 0.0%

†Denotes short position

RETURNS (%)												
	TOTAL RETURNS		AVERAGE ANNUAL TOTAL RETURNS							Since Inception	Net Expense	Gross Expense
	QTR	YTD	1-YR	3-YR	5-YR	10-YR	20-YR	30-YR	40-YR	(6/1/1983)		
WPOPX Institutional Class	9.38	14.86	21.73	1.78	6.23	5.79	7.08	10.69	11.33	11.48	1.19	1.19
WPOIX Investor Class	9.13	14.14	20.75	1.13	5.57	5.21	6.74	10.45	11.15	11.31	1.92	1.92
Russell 3000 Index	6.23	20.63	35.19	10.28	15.25	12.82	10.60	10.69	11.55	11.27	-	-
S&P 500 Index	5.89	22.08	36.35	11.90	15.96	13.37	10.70	10.83	11.75	11.57	-	-

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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.

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.

On 12/30/2005, Partners III Opportunity Fund succeeded to substantially all of the assets of Weitz Partners III Limited Partnership. The investment objectives, policies and restrictions of the Fund is materially equivalent to those of the Partnership, and the Partnership was managed at all times with full investment authority by the Investment Adviser. The performance information includes performance for the Partnership. The Partnership was not registered under the Investment Company Act of 1940 and, therefore, were not subject to certain investment or other restrictions or requirements imposed by the 1940 Act or the Internal Revenue Code. If the Partnership had been registered under the 1940 Act, the Partnership's performance might have been adversely affected.

Performance quoted for Investor Class shares before their inception (08/01/2011) is derived from the historical performance of the Institutional Class shares and has not been adjusted for the expenses of the Investor 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 3000** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. 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.

Definitions: Effective net is the **effective long** (the sum of the portfolio's long positions, such as common stocks, or derivatives where the price increases when an index or position rises) minus the **effective short** (the sum of the portfolio's short positions, such as derivatives where the price increases when an index or position falls).

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.