

The Dodge & Cox Balanced Fund: Evolving our Approach to Building a Balanced Portfolio

In 1934, the Annual Report for the Dodge & Cox Balanced Fund^a explained the Fund's two objectives: providing a "continuous safeguard of the shareholders' principal value and purchasing power" and offering "the opportunity for aggressive participation in business recovery and inflation." We believe these concepts are just as important to Fund shareholders today, but investors face different risks and opportunities that require expanded capabilities and deep focus. That is why we have continued to enhance our investment tools and processes, and believe these improvements will have meaningful benefits for the Balanced Fund in the years ahead.

We have managed the Balanced Fund over the past nine decades using our bottom-up investment approach. Our analysts seek to uncover opportunities where current valuations do not reflect their long-term outlook for underlying fundamentals, and then advocate their recommendations to our U.S. Equity and Fixed Income Investment Committees, which currently manage the Balanced Fund. Our Investment Committees debate each investment advocacy, ultimately deciding on both the position size for each holding and the optimum balance between asset classes.

Over this time, we have expanded our investment capabilities across our integrated research teams. In particular, we have broadened and deepened our research coverage globally, added asset allocation expertise, and enhanced our risk management tools. The result for the Balanced Fund is a diversified portfolio of predominantly equity and fixed income securities designed to help preserve capital, generate income, and deliver growth over the long term.

The Fund has a strong track record over longer time periods.^b In recent years, the Fund has benefited as we have positioned the portfolio to participate more aggressively in business recovery and growth, particularly following the great financial crisis of 2008-09 and the initial impact of the COVID pandemic in 2020. More recently, we have reduced the Fund's equity exposure in light of higher equity valuations and modestly more attractive bond yields.

Our Approach to Asset Allocation

Asset allocation between equity and fixed income securities is a critical determining factor in managing portfolio risk. In most environments, the equity allocation enables greater participation in growth opportunities, whereas the fixed income allocation helps safeguard principal and provides income. Eight years ago, we aligned our asset allocation decision-making process with our analyst-driven approach for determining which securities to own in the Balanced Fund. Our Portfolio Strategy team researches, models, and makes asset allocation recommendations, incorporating equity valuations, rates, and credit spread views, and economic conditions in its analysis. As part of this work, the team produces total return simulations in a variety of base up and down scenarios. This "top-down" process augments our analysts' bottom-up research of companies and issuers, and helps better inform our understanding of potential risks and rewards as we determine and make gradual adjustments to the Fund's asset allocation.

A New, Dedicated Balanced Fund Investment Committee

To ensure that we fully utilize our expanded risk management and asset allocations tools, in early 2021 we created a dedicated seven-member working group to review Balanced Fund advocacies in greater depth. Its members bring the breadth of investment experience necessary to address investment questions that span asset classes. The group has helped the U.S. Equity and U.S. Fixed Income Investment Committees holistically consider the risks and return potential of each investment and the entire portfolio.

Given the quality of analysis and advocacies we have observed within the working group, we plan to transition this team to a dedicated Balanced Fund Investment Committee, which will take over management of the Fund from the current Committees,

effective May 1, 2022. We believe the focus of a dedicated Committee—combining expertise across asset classes, risk management, and asset allocation—will enhance portfolio construction and ensure diversification across industries and sectors to benefit our clients and Fund shareholders. Specifically, the Committee will enhance our ability to holistically evaluate investment advocacies for individual holdings, analyze portfolio risk and return scenarios, and determine issuer position sizing and asset allocation across equity, fixed income, and cash. In addition, the Committee's size aligns more closely with the Investment Committees responsible for managing each of our other Funds.

The new Balanced Fund Investment Committee has significant experience with an average tenure of 15 years at Dodge & Cox, and its membership overlaps with the Committees currently managing the Fund. Three members also serve on our U.S. Equity Investment Committee. One serves on both of our U.S. and

Global Fixed Income Investment Committees, and one serves on the Global Fixed Income Investment Committee. The other two members are analysts from our Portfolio Strategy group, which focuses on risk and asset allocation research. All of the Balanced Fund Investment Committee's members have contributed to the Fund's investment process for many years.

In Closing

Established in 1931, the Dodge & Cox Balanced Fund is one of the longest-standing mutual funds in the world. Many of its shareholders have used it to meet their investment goals—often across generations—and to benefit from the Fund's long-term record of success. We thank you for your continued confidence in Dodge & Cox, and we look forward to sharing with you in upcoming shareholder letters how we continue to manage the Fund to participate in growth, while safeguarding shareholders' principal and purchasing power.

The Balanced Fund Investment Committee^c

	Additional Roles	Years of Experience*	Expertise
David C. Hoeft, CFA	Chief Investment Officer Member, U.S. Equity, Global Equity, and Emerging Markets Equity Investment Committees	29/29	Equity
Lucy I. Johns, CFA	Associate Director of Fixed Income Member, U.S. and Global Fixed Income Investment Committees	20/22	Fixed Income
Philippe Barret, Jr., CFA	Leads Financials Sector Committee Member, U.S. Equity Investment Committee	18/22	Equity
Matthew B. Schefer, CFA	Leads Foreign Currency Group Member, Global Fixed Income Investment Committee	14/16	Fixed Income
Benjamin Garosi, CFA	Leads Energy & Industrials Sector Committee Member, U.S. Equity Investment Committee	13/18	Equity
Robert S. Turley, Ph.D., CFA	Leads Portfolio Strategy Group Member, Emerging Markets Equity Investment Committee	9/14	Portfolio Strategy
Thomas Y. Powers, Ph.D.	Leads Fixed Income Quantitative Research	6/8	Portfolio Strategy

* Years of experience at Dodge & Cox / Years of industry experience.



David C. Hoeft - Senior Vice President and Chief Investment Officer

Mr. Hoeft received his B.A. degree (Phi Beta Kappa) from the University of Chicago in 1989 and his M.B.A. from the Harvard Business School in 1993. Prior to entering graduate school, he worked for two years as a consultant to the energy industry. He joined Dodge & Cox in 1993. Mr. Hoeft is a Director and shareholder of the firm and a CFA charterholder.



Lucy I. Johns — Vice President and Associate Director of Fixed Income

Ms. Johns received her B.A. degree (magna cum laude) from Williams College in 1996 and her M.B.A. degree from the University of California, Los Angeles Anderson School of Management in 2004. Prior to graduate school, she worked for approximately two years each at Merrill Lynch as a financial analyst, Dodge & Cox as a research assistant, and NBC Internet as a Senior Product Manager. Ms. Johns rejoined Dodge & Cox in 2004. She is a shareholder of the firm and a CFA charterholder.



Philippe Barret, Jr. — Vice President

Mr. Barret received his B.A. degree (magna cum laude) from Washington and Lee University in 1998 and his M.B.A. degree from the Stanford Graduate School of Business in 2004. Between degrees, he worked as a financial analyst at JP Morgan and American Securities Capital Partners, LLC. Mr. Barret joined Dodge & Cox in 2004. He is a shareholder of the firm and a CFA charterholder.



Benjamin Garosi — Vice President

Mr. Garosi received his B.A. degree (Phi Beta Kappa) in Economics from the University of California, Berkeley in 2002 and his M.B.A. degree from the Harvard Business School in 2009. Prior to graduate school, he worked at Blum Capital Partners and Goldman Sachs. Mr. Garosi joined Dodge & Cox in 2009. He is a shareholder of the firm and a CFA charterholder.



Matthew B. Schefer — Vice President

Mr. Schefer received his B.S. (Phi Beta Kappa) in Mathematics from Stanford University in 2006 and M.B.A. degrees from the University of California, Los Angeles and the National University of Singapore in 2018. Prior to joining Dodge & Cox in 2008, he worked at Citi in the fixed income and foreign exchange divisions. Mr. Schefer is a CFA charterholder and shareholder of the firm.



Robert Turley — Vice President

Mr. Turley received his B.A. degree (magna cum laude) in Mathematics and Economics from Brigham Young University in 2003, his M.B.A. degree from the New York University Stern School of Business in 2008, and his A.M. and Ph.D. degrees in Business Economics from Harvard in 2011 and 2013. Prior to his doctoral studies, he worked as a member of the Quantitative Investment Strategies team at Goldman Sachs. Mr. Turley joined Dodge & Cox in 2013. He is a shareholder of the firm and a CFA charterholder.



Thomas Y. Powers — Vice President

Mr. Powers received his B.S. degree in Applied Mathematics from Yale University in 2009 and a Ph.D. in Business Economics from Harvard University in 2016. Between degrees, he worked as an analyst at Goldman Sachs Asset Management for two years. Mr. Powers joined Dodge & Cox in 2016.

Returns represent past performance and do not guarantee future results. Investment return and share price will fluctuate with market conditions, and investors may have a gain or loss when shares are sold. Fund performance changes over time and currently may be significantly lower than stated above. Performance is updated and published monthly. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and charges and expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, or for current month-end performance figures, visit dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Investment prices may increase or decrease, sometimes suddenly and unpredictably, due to general market conditions. Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could also have a significant impact on a Fund and its investments. The Fund is subject to market risk, meaning holdings in the Fund may decline in value for extended periods due to the financial prospects of individual companies or due to general market and economic conditions. The Fund also invests in individual bonds whose yields and market values fluctuate, so that your investment may be worth more or less than its original cost. Debt securities are subject to interest rate risk, credit risk, and prepayment and call risk, all of which could have adverse effects on the value of the Fund.

The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice.

- a The Balanced Fund was known as "Investors Management Trust" at the time.
- b Balanced Fund SEC Standardized Average Annual Total Returns as of September 30, 2021: 1 Year 31.97% versus 16.92% for the Combined Index; 5 Years 11.29% versus 11.43%; 10 Years 12.49% versus 11.25%; 20 years 8.54% versus 7.71%. The Fund's total returns include the reinvestment of dividend and capital gain distributions, but have not been adjusted for any income taxes payable by shareholders on these distributions or on Fund share redemptions. Index returns include dividends and/or interest income but, unlike Fund returns, do not reflect fees or expenses. The Combined Index reflects an unmanaged portfolio (rebalanced monthly) of 60% of the S&P 500 Index, which is a market capitalization-weighted index of 500 large-capitalization stocks commonly used to represent the U.S. equity market, and 40% of the Bloomberg U.S. Aggregate Bond Index, which is a widely recognized, unmanaged index of U.S. dollar-denominated, investment-grade, taxable fixed income securities. The Fund may, however, invest up to 75% of its total assets in equity securities. S&P 500® is a trademark of S&P Global Inc. Bloomberg is a registered trademark of Bloomberg Finance L.P. and its affiliates. For more information about these indices, visit dodgeandcox.com.
- c Effective May 1, 2022.