

Objectives
Strategy

- The Fund seeks regular income, conservation of principal, and an opportunity for long-term growth of principal and income.
- The Fund invests in a diversified portfolio of equity securities and debt securities.

Equity Securities: The Fund typically invests in companies that, in Dodge & Cox's opinion, appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. Under normal circumstances, the Fund will invest no less than 25% and no more than 75% of its total assets in equity securities.

Debt Securities: The Fund invests primarily in investment-grade debt securities including government and government-related obligations, mortgage- and asset-backed securities, corporate and municipal bonds, and other debt securities. To a lesser extent, the Fund may also invest in below investment-grade debt securities.

Risks

- 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. Please read the prospectus for specific details regarding the Fund's risk profile.

GENERAL INFORMATION

| | |
|---|----------|
| Net Asset Value Per Share | \$108.62 |
| Total Net Assets (billions) | \$15.8 |
| Expense Ratio | 0.53% |
| Portfolio Turnover Rate (1/1/18 to 6/30/18, unannualized) | 10% |
| 30-Day SEC Yield ^(a) | 2.00% |
| Fund Inception | 1931 |

No sales charges or distribution fees

Investment Manager: Dodge & Cox, San Francisco. Managed by the U.S. Equity Investment Committee, whose nine members' average tenure at Dodge & Cox is 24 years, and by the U.S. Fixed Income Investment Committee, whose ten members' average tenure is 21 years.

EQUITY PORTFOLIO (71.5%)

| | Fund |
|--|-------|
| Number of Common Stocks | 68 |
| Number of Preferred Stocks | 5 |
| Median Market Capitalization (billions) ^(b) | \$46 |
| Price-to-Earnings Ratio ^{(b)(c)} | 14.1x |
| Foreign Securities not in the S&P 500 ^(d) | 8.1% |

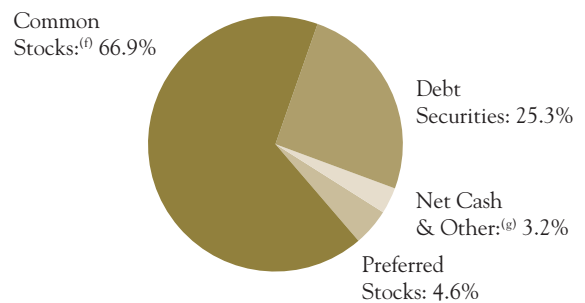
FIVE LARGEST SECTORS (%)

| | Common | Preferred | Fund |
|------------------------|--------|-----------|------|
| Financials | 16.9 | 4.3 | 21.2 |
| Health Care | 16.6 | – | 16.6 |
| Communication Services | 10.6 | 0.3 | 10.9 |
| Information Technology | 9.6 | – | 9.6 |
| Energy | 5.9 | – | 5.9 |

TEN LARGEST EQUITIES (%)^(e)

| | Common | Preferred | Fund |
|------------------------------|--------|-----------|------|
| Wells Fargo & Co. | 2.4 | 1.4 | 3.8 |
| JPMorgan Chase & Co. | 1.7 | 1.6 | 3.3 |
| Comcast Corp. | 2.7 | – | 2.7 |
| Microsoft Corp. | 2.4 | – | 2.4 |
| Bank of America Corp. | 1.9 | 0.5 | 2.4 |
| Charter Communications, Inc. | 2.2 | – | 2.2 |
| Express Scripts Holding Co. | 2.2 | – | 2.2 |
| Charles Schwab Corp. | 2.2 | – | 2.2 |
| Capital One Financial Corp. | 2.0 | – | 2.0 |
| Alphabet, Inc. | 2.0 | – | 2.0 |

ASSET ALLOCATION



FIXED INCOME PORTFOLIO (25.3%)

| | Fund |
|---|------|
| Number of Credit Issuers | 51 |
| Effective Duration (years) ^(h) | 4.5 |

SECTOR DIVERSIFICATION (%)

| | Fund |
|-----------------------------------|------|
| U.S. Treasury ⁽ⁱ⁾ | 2.0 |
| Government-Related ⁽ⁱ⁾ | 1.5 |
| Securitized | 11.3 |
| Corporate | 10.5 |

CREDIT QUALITY (%)^(k)

| | Fund |
|---|------|
| U.S. Treasury/Agency/GSE ⁽ⁱ⁾ | 11.3 |
| Aaa | 0.7 |
| Aa | 1.7 |
| A | 1.2 |
| Baa | 8.7 |
| Ba | 1.7 |
| B | 0.0 |
| Caa | 0.0 |

FIVE LARGEST CREDIT ISSUERS (%)^(e)

| | Fund |
|------------------------------|------|
| Charter Communications, Inc. | 0.7 |
| Petroleos Mexicanos | 0.5 |
| State of California GO | 0.5 |
| HSBC Holdings PLC | 0.4 |
| Verizon Communications, Inc. | 0.4 |

^(a) SEC Yield is an annualization of the Fund's net investment income for the trailing 30-day period. Dividends paid by the Fund may be higher or lower than implied by the SEC Yield.

^(b) Excludes the Fund's preferred stock positions.

^(c) Price-to-earnings (P/E) ratio is calculated using 12-month forward earnings estimates from third-party sources.

^(d) Foreign stocks are U.S. dollar denominated.

^(e) The Fund's portfolio holdings are subject to change without notice. The mention of specific securities is not a recommendation to buy, sell, or hold any particular security and is not indicative of Dodge & Cox's current or future trading activity.

^(f) The Fund holds S&P 500 put options, which aim to decrease the Fund's exposure to equity market losses. The put options hedged approximately 6% of the equity market exposure on September 30, 2018.

^(g) Net Cash & Other includes cash, short-term investments, derivatives, receivables, and payables.

^(h) Interest rate derivatives reduce the duration of the fixed income portfolio by 0.3 years (i.e., total portfolio duration is 4.8 years without derivatives).

⁽ⁱ⁾ Data as presented excludes the Fund's position in Treasury futures contracts.

^(j) The portfolio's Government-Related holdings include tax-exempt municipal securities; the Index classifies these securities as Municipal Bonds.

^(k) The credit quality distribution shown for the Fund is based on the middle of Moody's, S&P, and Fitch ratings, which is the methodology used by Bloomberg in constructing its indices. If a security is rated by only two agencies, the lower of the two ratings is used. Please note the Fund applies the highest of Moody's, S&P, and Fitch ratings to determine compliance with the quality requirements stated in its prospectus. The credit quality of the investments in the portfolio does not apply to the stability or safety of the Fund or its shares.

Average Annual Total Return¹

| For periods ended | 1 Year | 3 Years | 5 Years | 10 Years | 20 Years |
|---------------------------|--------|---------|---------|----------|----------|
| September 30, 2018 | | | | | |
| Dodge & Cox Balanced Fund | 7.95% | 12.14% | 9.41% | 10.04% | 8.78% |
| Combined Index | 9.99 | 10.79 | 9.24 | 8.91 | 6.53 |

dodgeandcox.com

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. Visit the Fund's website at dodgeandcox.com or call 800-621-3979 for current month-end performance figures.

The Dodge & Cox Balanced Fund had a total return of 4.2% for the third quarter of 2018, compared to 4.6% for the Combined Index (a 60/40 blend of stocks and fixed income securities). For the nine months ended September 30, 2018, the Fund had a total return of 4.2%, compared to 5.6% for the Combined Index.

INVESTMENT COMMENTARY

In the third quarter, U.S. equities posted strong returns and outperformed equity markets in other developed countries. The S&P 500 Index was up 8%, reaching an all-time high in late September. U.S. growth stocks (the higher valuation portion of the equity market) outperformed value stocks (the lower valuation portion) by three percentage points during the quarter,² continuing a longer-term trend. Since 2014, growth has outpaced value by 39 percentage points,³ led by growth-oriented companies in sectors and industries associated with technology. Over this period, the equity portfolio performed strongly compared to the U.S. value investment universe; however, the portfolio's value-oriented approach hindered its relative returns versus the broad-based S&P 500, which benefited from its exposure to growth stocks.

In the United States, growth-oriented companies are trading at a historically large premium to value stocks. As a result of this wide valuation gap, we are identifying investment opportunities in companies that we believe have strong underlying fundamentals, which are not reflected in their current valuations. Based on individual security selection, the equity portfolio remains tilted toward Financials (29.5% of the portfolio), Health Care (23.2%), and Communication Services (15.3%) on September 30. During the third quarter, we initiated five new holdings in the equity portfolio, with the largest new purchase being CVS Health.

The U.S. investment-grade bond market return was flat for the third quarter as strong performance from the corporate bond sector was largely offset by price declines associated with rising Treasury yields. The fundamentals underpinning corporate credit remain strong and are supported by continued profit growth due to core business strength as well as tax savings associated with the tax overhaul passed last year. During the third quarter, we made modest changes to the fixed income portfolio. For example, we added to several corporate issuers and Agency⁴ mortgage-backed securities at attractive relative valuations. To fund these purchases, we trimmed the portfolio's holdings in U.S. Treasuries.

While concerns about tariffs and trade wars persist, we remain optimistic about the long-term prospects for the U.S. economy. The outlook for corporate earnings remains solid, and interest rates should continue to rise. We believe longer-term global economic growth will be better than many investors expect, and the Fund is well positioned to capitalize on this. Patience, persistence, and a long-term investment horizon are essential to long-term investment success. We encourage our shareholders to take a similar view.

THIRD QUARTER PERFORMANCE REVIEW

The Fund underperformed the Combined Index by 0.4 percentage points during the quarter. The underperformance of the equity portfolio was partially offset by having a lower allocation to fixed income.

EQUITY PORTFOLIO⁵

- The portfolio's average overweight position (27% versus 14%) and holdings in the Financials sector (up 2% compared to up 4% for the S&P 500 sector) detracted from results. Bank of New York Mellon (down 5%), Wells Fargo (down 4%), and Charles Schwab (down 4%) performed poorly.
- Returns from holdings in the Energy sector (down 3% compared to up 1% for the S&P 500 sector), combined with a higher average weighting (9% versus 6%), had a negative impact. Anadarko Petroleum and Schlumberger (both down 8%) were weak.
- In Health Care, the portfolio's higher average weighting (24% versus 14%) and holdings (up 14% compared to up 15% for the S&P 500 sector), the best performing sector of the market, helped results. Key contributors included Eli Lilly (up 26%), Express Scripts (up 23%), Cigna (up 23%), and Novartis (up 14%).

FIXED INCOME PORTFOLIO⁶

- The portfolio's shorter relative duration⁷ (76% of the Bloomberg Barclays U.S. Agg's duration) added to relative returns.
- Credit security selection was positive as several holdings outperformed, including Charter Communications, Kinder Morgan, Pemex, and Verizon.
- The portfolio's overweight to corporate bonds and underweight to U.S. Treasuries added to relative returns given the strong performance of credit.

YEAR-TO-DATE PERFORMANCE REVIEW

The Fund underperformed the Combined Index by 1.5 percentage points year to date. The underperformance of the equity portfolio was partially offset by having a lower allocation to fixed income.

EQUITY PORTFOLIO⁵

- In Financials, the portfolio's higher allocation (averaging 28% versus 14% in the S&P 500) and holdings (down 2% compared to flat for the S&P 500 sector) hurt results. Wells Fargo (down 12%) and Goldman Sachs (down 11%) lagged.
- Strong performance from large internet and technology-related stocks not held by the portfolio (e.g., Amazon, Apple) hindered comparative performance, especially in the Information Technology sector (holdings up 19% compared to up 25% for the S&P 500 sector) and the Consumer Discretionary sector (holdings up 12% compared to up 22%). Within Information Technology, Micro Focus International (down 42%) was a particularly weak holding.
- The portfolio's average underweight position (less than 1% versus 7%) in the Consumer Staples sector, the weakest area of the Index, was a positive factor.

FIXED INCOME PORTFOLIO⁶

- The portfolio's shorter relative duration (72% of the Bloomberg Barclays U.S. Agg's duration) added significantly to relative returns.
- Security selection within credit was positive as several holdings performed well, particularly Bank of America capital securities, which outperformed due to redemption by the issuer at a premium to the market price. Other outperformers included Kinder Morgan, Macy's, Rio Oil Finance Trust, and Verizon.
- Despite the overall move higher in rates, the portfolio's lower exposure to long-term (10+ years) bonds detracted from relative returns as the yield curve flattened.

¹ 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 Barclays 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.

² The Russell 1000 Growth Index had a total return of 9.2% compared to 5.7% for the Russell 1000 Value Index during the third quarter of 2018.

³ The Russell 1000 Growth Index had a total return of 72.5% compared to 33.2% for the Russell 1000 Value Index from December 31, 2014 through September 30, 2018.

⁴ The U.S. Government does not guarantee the Fund's shares, yield, or net asset value. The agency guarantee (by, for example, Ginnie Mae, Fannie Mae, or Freddie Mac) does not eliminate market risk.

⁵ Excludes the Fund's preferred stock positions.

⁶ Unless otherwise noted, figures cited in this section denote Fund positioning at the beginning of the period.

⁷ Duration is a measure of a bond's (or a bond portfolio's) price sensitivity to changes in interest rates.

S&P 500[®] is a trademark of S&P Global Inc. Bloomberg is a registered trademark of Bloomberg Finance L.P. and its affiliates. Barclays[®] is a trademark of Barclays Bank PLC. For more information about these indices, visit dodgeandcox.com.

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, visit dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.