Dodge & Cox Funds®

Balanced Fund

TO OUR SHAREHOLDERS

The Dodge & Cox Balanced Fund had a total return of 16.6% for the year ended December 31, 2016, compared to a return of 8.4% for the Combined Index (a 60/40 blend of stocks and fixed income securities).

AN EXTRAORDINARY YEAR

The Fund's strong absolute and relative performance in 2016 was achieved with largely the same portfolio that produced weak results in 2015. Many of the biggest contributors in 2016 were the largest detractors in 2015. The past year's performance improved the Fund's longer-term relative results. The Fund's annualized total return for the past five years was 13.4% versus 9.7% for the Combined Index.

We would like to express sincere appreciation to our fellow shareholders for your patience and confidence in Dodge & Cox. These results serve as a reminder that a single quarter or year is too short an interval over which to judge the success of our strategy. Our bottom-up, value-oriented, active investment approach requires independent thinking to build the level of conviction essential to invest in companies that are out of favor. Security prices can move dramatically in response to the headlines of the day, but it often takes time for a company's results to improve and for positive change to be recognized by other investors. Accordingly, maintaining a long-term investment horizon and staying the course when markets move against us are essential for our investment team, as well as for our fellow shareholders, but our persistence to stick with our convictions in the face of market volatility was rewarded during this past year.

For the past 20 years, the Fund's average annualized total return was 8.86% versus 7.05% for the Combined Index. This period encompassed large swings in Fund performance, market prices, and valuations, including the technology stock bubble and crash as well as the 2008-09 global financial crisis and subsequent recovery. More recently, investor concerns have been around global economic growth, lower commodity prices, and the U.S. presidential election. Uncertainty is a constant, but it can create compelling opportunities for patient, long-term, value-oriented, active investors. Our recent insight paper, "Understanding the Case for Active Management," is summarized at the end of the letter and is available in its entirety on our website.

MARKET COMMENTARY

Global equity markets were volatile amid macroeconomic and geopolitical concerns in 2016. The U.S. equity market was one of the stronger developed markets and appreciated significantly: the S&P 500 reached an all-time high in mid-December and was up 12% for the year. U.S. value stocks outperformed growth stocks by ten percentage points,[a] benefiting many of the value-oriented holdings in the equity portfolio of the Fund. Recently, the more economically sensitive sectors of the market that are likely to benefit from an improving economy and higher interest rates (e.g., Energy, Financials) have accounted for a larger portion of the value category than stocks in the more defensive sectors with higher dividend yields (e.g., Consumer Staples, Real Estate, Telecommunication Services, Utilities).

In the fixed income markets, longer-term interest rates fell by 70-80 basis points[b] during the first half of the year, influenced by concerns about economic weakness in the Eurozone, slower growth in China, a continued decline in commodity prices, and questions about the durability of the U.S. economy. Over the second half of the year, longer-term Treasury rates rose by 80-100 basis points due to the results of the U.S. presidential election and better U.S. economic data, resulting in a modest 1.0% U.S. Treasury sector[c] return for all of 2016. Investment-grade corporate bonds returned 6.1% for the year, outperforming comparable-duration[d] Treasuries by a remarkable 4.9 percentage points and registering the best relative return since 2012. Agency[e] mortgage-backed securities (MBS) returned 1.7% for the year, performing roughly in line with comparable-duration Treasuries amid higher interest rates and slower expected prepayment speeds.

INVESTMENT STRATEGY

We set the Fund's asset allocation based on our long-term outlook for the Fund's equity and fixed income holdings. At year end, the Fund's 72.7% equity weighting (including 4.9% in preferred stocks) reflected our more positive outlook for total return potential from equities than from fixed income. We believe the equity and fixed income portfolios are well positioned based on our view that longer-term global economic growth will be better than many expect, and we remain optimistic about the long-term outlook for the Fund.

Equity Strategy

Equity returns for the more economically sensitive and more defensive sectors have been highly correlated with interest rate movements

a The Russell 1000 Value Index outperformed the Russell 1000 Growth Index by 10.3 percentage points during 2016. Generally, stocks that have lower valuations are "value" stocks, while those with higher valuations are "growth" stocks.

b One basis point is equal to 1/100th of 1%.

c Sector returns as calculated and reported by Bloomberg.

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

e 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.

in recent years. As interest rates declined to historically low levels and investors searched for yield in the equity market, defensive stocks with "bond-like" characteristics outperformed more cyclical stocks. In the first half of 2016, the best-performing sectors of the S&P 500 were Telecommunication Services and Utilities, while Financials and Information Technology were the worst performers. Conversely, as U.S. Treasury yields rose during the second half of 2016, especially after the U.S. presidential election, economically sensitive holdings outperformed considerably. Financials and Information Technology were the strongest sectors of the market, while Real Estate and Utilities were the weakest.

Due to individual security selection, the equity portfolio was tilted toward more economically sensitive companies: Financials comprised 31% of the portfolio, Information Technology accounted for 18%, and Energy was 9%.[f] There was also a significant valuation gap between the holdings in the equity portfolio and sectors where the portfolio had little or no exposure.

Our strong price discipline is an essential characteristic of our investment strategy. We constantly weigh valuation against fundamentals and seek to invest in companies where the initial valuation reflects concerns about future earnings and cash flow prospects, while our analysis reveals the possibility of more positive developments. As long-term investors, our challenge is to assess short-term concerns while investing with an eye toward future prospects. When we see long-term value, we often add to positions as valuations decline and other investors become more pessimistic. Two examples include recent activity in Financials and Health Care, which are discussed below.

Financials

Amid heightened market volatility, we revisited and retested our thinking on many of the portfolio's holdings during 2015 and the first half of 2016. As valuations became more attractive, we concluded market conditions had created long-term investment opportunities in selected economically sensitive companies, especially in Financials. Despite low interest rates and global economic challenges, we saw opportunities because many of the portfolio's Financials holdings traded at relatively inexpensive valuations (at levels not seen since the 2008 global financial crisis) although they benefited from loan growth and improved credit quality since the crisis. We added to various companies, including American Express, Bank of America, Goldman Sachs, and MetLife.[g]

During the second half of 2016, Financials was the best-performing sector of the S&P 500 (up 29%), in large part due to rising interest rates. We trimmed several of the portfolio's holdings in response to higher share prices, but maintain a significant overweight position in the sector (31% of the equity portfolio versus 15% for the S&P 500). Profits are improving and strong capital positions allow the banks to return significant capital to shareholders via share buybacks and dividends, making them a compelling alternative to other dividend-paying stocks, in our view. As rates increase, profitability within the Financials sector should improve further. The sector also stands to benefit from potential easing of financial regulation by the Trump administration (e.g., The Dodd-Frank Wall Street Reform and Consumer Protection Act could be repealed or modified).

Health Care

Health Care was the worst performing sector (down 2%) of the S&P 500 in 2016 amid legal, regulatory, and pricing concerns, especially in the Pharmaceuticals industry. Pharmacy benefit managers have exerted increased pricing pressure on drug manufacturers, aided by industry consolidation and higher market shares. This trend could impact long-term profitability for pharmaceutical companies. Additional risks include biosimilar and generic competition, as well as reduced drug reimbursement from government buyers and private payors.

Conversely, research and development productivity has increased for many of the pharmaceutical holdings in the equity portfolio. These companies stand to benefit from long-term growth in emerging markets as consumers and governments have demonstrated a tendency to spend more on health care with increased consumer purchasing power. Furthermore, the portfolio's Pharmaceutical holdings have reasonable valuations, strong balance sheets, high free cash flow, and cost-cutting opportunities that help mitigate risk.

After evaluating the risks versus the opportunities, the portfolio remained overweight Pharmaceuticals (11% of the equity portfolio compared to 5% for the S&P 500) and we added tactically to several holdings (e.g., AstraZeneca, Sanofi) as valuations became more attractive during the second half of 2016.

Fixed Income Strategy

In response to changing valuation dynamics over the course of 2016, we made a number of adjustments to the fixed income portfolio. Most notably, we selectively reduced exposure to corporate and other credit[h] holdings as the tremendous credit sector rally of 2016 has resulted in a somewhat less-favorable risk/reward dynamic today.

Yield premiums[i] increased substantially in the beginning of the year and peaked in February. We took advantage of this sudden widening, increasing the portfolio's credit weighting to 60% by the end of February. The credit sector then staged a significant recovery in a short period of time (corporate yield premiums narrowed from 215 basis points in mid-February to 123 basis points at year end). As this recovery continued, we reduced the portfolio's credit weighting. As of December 31, the portfolio held 48% in credit securities.

Our additions to the credit portfolio in 2016 occurred in three main areas. One was certain A- and BBB-rated issuers raising debt to finance strategic M&A transactions. The second was issuers in sectors experiencing heightened volatility where credit fundamentals were being undervalued (e.g., midstream and state-owned energy issuers, as well as commodity issuers able to withstand a substantial downturn). And the third was subordinated debt of large banks.

f Unless otherwise specified, all weightings and characteristics are as of December 31, 2016.

g The use of specific examples does not imply that they are more attractive investments than the Fund's other holdings.

h Credit securities refers to corporate bonds and government-related securities, as classified by Bloomberg.

i Yield premiums are one way to measure a security's valuation. Narrowing yield premiums results in a higher valuation. Widening yield premiums results in a lower valuation.

Even at today's more compressed spread levels, we believe credit offers attractive value on a long-term basis. Corporate fundamentals remain strong, and we expect that the default likelihood for investment-grade corporate issuers is quite low, in line with historical experience. With respect to the corporate sector outlook under the new Trump administration, potential policies involving corporate tax reform, infrastructure spending, and regulation rollbacks are likely to be beneficial. However, other areas such as trade and foreign policy may have more mixed results, particularly related to certain industries.

We made no major shifts to the portfolio's holdings within the Securitized sector. The portfolio's MBS weighting ranged between 29% and 34% during the year, and we made small adjustments to the underlying target mix of holdings as valuations changed (e.g., trimming 15-20 year MBS in favor of 30-year MBS, emphasizing attractively-priced hybrid ARMs). The portfolio's MBS performed well in 2016 relative to shorter-duration Treasuries (our yardstick for relative value/returns).

The duration of the fixed income portfolio was lower than the duration of the Bloomberg Barclays U.S. Aggregate Bond Index at the beginning of 2016 because we felt that interest rates were likely to rise. Starting in the third quarter, and accelerating in the fourth quarter following Mr. Trump's victory, rates moved considerably higher. While this move narrowed the gap between our expectations of fair value for rates and the market's, we still believe that rates are likely to rise more than implied by current market valuations. The economic policies likely to be pursued by the Trump administration and the Republican-controlled Congress offer the prospect of accelerated growth and the potential for higher inflation, combined with the likelihood that the Fed will raise interest rates more quickly than forecasted.

IN CLOSING

While U.S. equity valuations have increased, we remain optimistic about the long-term outlook for the equity portfolio of the Fund, which trades at 14.7 times forward earnings compared to 18.8 times for the S&P 500. The equity valuation disparities that characterize the current environment offer significant opportunities for active management. Absolute return prospects for the fixed income portfolio appear challenged in the near term, but we believe these assets serve a vital defensive role in the Fund's balanced composition, offering income generation, downside protection, and low correlation to riskier asset classes.

We believe that being patient, persistent, and having a long-term investment horizon are essential for investment success. While we do not know what the future holds, we will continue to apply the bottom-up, value-oriented investment approach that has served the Fund well for decades.

Thank you for your continued confidence in our firm. As always, we welcome your comments and questions.

For the Board of Trustees,

Charles F. Pohl, Dana M. Emery

Charles F. Pohl,
Chairman

Dana M. Emery,
President

January 31, 2017

UNDERSTANDING THE CASE FOR ACTIVE MANAGEMENT

One of the fiercest investment debates concerns active versus passive approaches to investing: Should investors actively choose individual investments in the hopes of beating the market, or choose a fund that tracks an index and matches the return of the market, never doing better, but never doing worse?

The most frequently cited evidence against active management is that the majority of active managers fail to beat their benchmark each year. But measuring on a 12-month basis doesn't necessarily capture the results of an active management strategy because it often takes more than a year for a strategy to come to fruition. When measurement intervals are lengthened, the results of the active versus passive comparison are significantly different—a higher percentage of active managers outperform their benchmarks. To be sure, outperformance over the long run is nowhere near a sure thing, but the data suggests active management is an eminently viable choice.

One of the attributes of successful active managers is having a high "active share," meaning their portfolio is significantly different from an index. Another attribute is having low fees and low portfolio turnover, which reduce the drag on performance exerted by expenses. Successful active managers also tend to provide higher risk-adjusted returns, because unlike index funds, they aren't obliged to invest in higher risk companies. Studies also show that active managers do better when they are tightly focused on specific strategies and markets and when they have a significant financial stake in their funds.

Research indicates that the average investor earns two percentage points less per year than the average fund because many investors move in and out of funds too quickly. But if investors have the discipline to stick with good active managers through inevitable periods of underperformance, they can have meaningful prospects of outperforming the market over time.

A summary from Dodge & Cox's insight paper titled, "Understanding the Case for Active Management."

DODGE & COX FUNDS®

December 31, 2016

Balanced Fund

Ticker Symbol
DODBX

Objectives ▪ The Fund seeks regular income, conservation of principal, and an opportunity for long-term growth of principal and income.

Strategy ▪ 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.

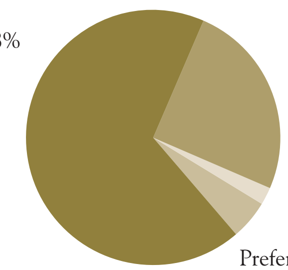
GENERAL INFORMATION

Net Asset Value Per Share	$103.35
Total Net Assets (billions)	$15.4
Expense Ratio	0.53%
Portfolio Turnover Rate	24%
30-Day SEC Yield[a]	1.79%
Fund Inception	1931

No sales charges or distribution fees

Investment Manager: Dodge & Cox, San Francisco. Managed by the Investment Policy Committee, whose eight members' average tenure at Dodge & Cox is 23 years, and by the Fixed Income Investment Policy Committee, whose eight members' average tenure is 21 years.

ASSET ALLOCATION



EQUITY PORTFOLIO (72.7%)	Fund
Number of Common Stocks	**64**
Number of Preferred Stocks	**5**
Median Market Capitalization (billions)[b]	**$40**
Price-to-Earnings Ratio[b][c]	**14.7x**
Foreign Securities not in the S&P 500[d]	**6.5%**

FIVE LARGEST SECTORS(%)	Common	Preferred	Total
Financials	20.7	4.5	**25.2**
Information Technology	12.4	–	**12.4**
Health Care	11.8	–	**11.8**
Consumer Discretionary	10.6	0.4	**11.0**
Energy	6.4	–	**6.4**

TEN LARGEST EQUITIES(%)[e]	Common	Preferred	Total
Wells Fargo & Co.	2.7	1.6	**4.3**
JPMorgan Chase & Co.	1.7	1.7	**3.4**
Bank of America Corp.	2.8	0.4	**3.2**
Capital One Financial Corp.	2.7	–	**2.7**
Charles Schwab Corp.	2.7	–	**2.7**
Hewlett Packard Enterprise Co.	2.4	–	**2.4**
Goldman Sachs Group, Inc.	2.4	–	**2.4**
Time Warner, Inc.	2.2	–	**2.2**
Sanofi (*France*)	2.1	–	**2.1**
Charter Communications, Inc.	2.0	–	**2.0**

FIXED INCOME PORTFOLIO (25.1%)	Fund
Number of Credit Issuers	**48**
Effective Duration (years)	**4.1**

SECTOR DIVERSIFICATION (%)	
U.S. Treasury[g]	**4.9**
Government-Related	**1.5**
Mortgage-Related[h]	**7.9**
Corporate	**10.0**
Asset-Backed	**0.8**

CREDIT QUALITY (%)[i]	
U.S. Treasury/Agency/GSE[g]	**12.8**
Aaa	**0.3**
Aa	**0.9**
A	**0.7**
Baa	**8.0**
Ba	**1.5**
B	**0.4**
Caa	**0.5**

FIVE LARGEST CREDIT ISSUERS (%)[e]	
Charter Communications, Inc.	**0.5**
Verizon Communications, Inc.	**0.5**
State of California GO	**0.4**
Petroleos Mexicanos	**0.4**
Rio Oil Finance Trust	**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) Net Cash & Other includes cash, short-term investments, receivables, and payables.
(g) Data as presented excludes the Fund's position in Treasury futures contracts.
(h) The fixed income portfolio holds 0.4% in Agency multifamily mortgage securities; the Index classifies these securities under CMBS – Agency.
(i) The credit quality distribution shown for the Fund is based on the middle of Moody's, S&P's, 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's, 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 Return[1]

For periods ended December 31, 2016	1 Year	3 Years	5 Years	10 Years	20 Years
Dodge & Cox Balanced Fund	16.55%	7.21%	13.36%	6.01%	8.86%
Combined Index	8.35	6.68	9.70	6.22	7.05

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 6.8% for the fourth quarter of 2016, compared to 1.1% for the Combined Index[1] (a 60/40 blend of stocks and fixed income securities). For 2016, the Fund had a total return of 16.6%, compared to 8.4% for the Combined Index.

INVESTMENT COMMENTARY

2016 has been an extraordinary year. We would like to express sincere appreciation to our fellow shareholders for your patience and confidence in Dodge & Cox. The Fund's strong performance in 2016, in both absolute and relative terms, was achieved with largely the same portfolio that produced weak results in 2015. In some cases, we leaned even further into areas of investor pessimism as valuations declined. Many of the biggest contributors in 2016 were the largest detractors in 2015. The longer-term results for the Fund have improved significantly with this year's strong performance rebound.

U.S. value stocks outperformed growth stocks by ten percentage points in 2016,[2] benefiting the Fund's value-oriented equity portfolio. The more economically sensitive, cyclical sectors of the market (e.g., Energy, Financials) account for a larger portion of the value category than stocks in the more defensive, stable sectors (e.g., Consumer Staples, Telecommunication Services, Utilities). Each group's equity returns have been highly correlated with the recent changes in interest rates. As interest rates declined to historically low levels and investors searched for yield in the equity market, defensive stocks with "bond-like" characteristics outperformed the more cyclical stocks. Conversely, as U.S. Treasury yields rose during the second half of 2016, particularly after the U.S. election, economically sensitive holdings outperformed considerably. The performance of the Fund's equity portfolio in 2016 mirrored this shift.

The significant rise in rates in the second half of the year adversely affected fixed income performance. The fourth quarter of 2016 was the worst three-month return for the U.S. investment-grade bond market in over 30 years. On a relative basis, the Fund's fixed income portfolio performed extremely well, primarily due to its shorter duration which made it less sensitive to rapidly rising interest rates. While all major sectors of the U.S. bond market registered negative returns, investment-grade corporate bonds strongly outperformed comparable-duration[3] U.S. Treasuries (–2.8%[4] return, outperformance of 1.9 percentage points) as attractive relative yields, a solid fundamental credit backdrop, and potentially favorable Trump policies provided a tailwind for the sector. Agency[5] MBS returned –2.0%, underperforming comparable-duration U.S. Treasuries by 0.4 percentage points amid higher interest rates and slower expected prepayment speeds.

At quarter end, the Fund's 72.7% equity weighting (including 4.9% in preferred stocks) reflected our more positive outlook for total return potential from equities than from fixed income. We believe the equity and fixed income portfolios are well positioned, and we remain optimistic about the long-term outlook for the Fund.

FOURTH QUARTER PERFORMANCE REVIEW

The Fund outperformed the Combined Index by 5.7 percentage points during the quarter. The Fund's higher allocation to equities had a positive impact on relative results.

EQUITY PORTFOLIO[6]

- The Financials sector was the strongest in the S&P 500, outpacing the other ten sectors by a large margin. The equity portfolio's significant overweight position (30% versus 14%) and stronger-performing holdings (up 29% compared to up 21% for the S&P 500 sector) contributed significantly to relative results during the quarter. Goldman Sachs (up 49%) and Bank of America (up 42%) performed particularly well.
- The portfolio's holdings in the Consumer Discretionary sector (up 9% compared to up 2% for the S&P 500 sector) augmented returns, especially Time Warner, Inc. (up 22%).
- The portfolio's average overweight position (10%, almost twice that of the S&P 500 sector) and holdings in the Pharmaceuticals industry (down 5% compared to down 3%) detracted from results. AstraZeneca (down 17%), Roche (down 8%), and Novartis (down 8%) lagged.

FIXED INCOME PORTFOLIO

- The portfolio's shorter relative duration (73%[7] of the Bloomberg Barclays U.S. Agg's duration) added significantly to relative returns.
- The portfolio's overweight to corporate bonds and underweight to U.S. Treasuries added to relative returns. Credit security selection was strongly positive as several commodity-related holdings performed well, including Kinder Morgan, Pemex, and Rio Oil Finance Trust.
- The portfolio's Agency MBS holdings slightly underperformed the MBS in the Bloomberg Barclays U.S. Agg after adjusting for duration differences.

2016 PERFORMANCE REVIEW

The Fund outperformed the Combined Index by 8.2 percentage points in 2016. The Fund's higher allocation to equities had a positive impact on relative results.

EQUITY PORTFOLIO

- Returns from holdings in the Consumer Discretionary sector (up 26% compared to up 6% for the S&P 500 sector) helped results. Time Warner, Inc. (up 52%), which agreed to be acquired by AT&T, was particularly strong. Time Warner Cable (up 13% to date of merger) and Charter Communications (up 24% from date of merger) merged during the year and performed well.
- The portfolio's holdings in the Information Technology sector (up 25% compared to up 14% for the S&P 500 sector) aided performance.
- The portfolio's significant overweight position (27% versus 13%) in the Financials sector (up 22% in line with the S&P 500 sector) contributed.
- The Health Care sector (down 2% for the S&P 500) faced headwinds during the year and lagged the overall market. Selected portfolio holdings were weak, including Express Scripts (down 21%), Roche (down 15%), and Novartis (down 13%).

FIXED INCOME PORTFOLIO

- Credit security selection was strongly positive as several commodity-related holdings performed well, including Kinder Morgan, Pemex, Petrobras, Rio Oil Finance Trust, and Teck Resources.
- The portfolio's overweight to the Industrial sub-sector and underweight to U.S. Treasuries added to relative returns.
- The portfolio's shorter relative duration (71% of the Bloomberg Barclays U.S. Agg's duration) added to relative returns.
- The portfolio's lower exposure to long-term (10+ years) bonds, which outperformed short and intermediate maturities, detracted modestly from relative returns.

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 Value Index outperformed the Russell 1000 Growth Index by 10.2 percentage points during 2016. Generally, stocks that have lower valuations are considered "value" stocks, while those with higher valuations are considered "growth" stocks.

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

4 Sector returns as calculated and reported by Bloomberg.

5 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.

6 Excludes the Fund's preferred stock positions.

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

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.