Dodge & Cox Funds®

Balanced Fund

TO OUR SHAREHOLDERS

The Dodge & Cox Balanced Fund had a total return of 12.6% for the year ended December 31, 2017, compared to a return of 14.2% for the Combined Index (a 60/40 blend of stocks and fixed income securities).

MARKET COMMENTARY

U.S. equity markets continued to climb steadily during the fourth quarter, capping off a year of strong performance and low volatility. The S&P 500 reached an all-time high in mid-December and ended the year up 22%. The period of sustained performance in U.S. equities since March 2009 is the second longest in U.S. history.

In fixed income, the U.S. investment-grade bond market delivered a 3.5% return in 2017, driven primarily by strong performance from corporate bonds. Short-term yields rose 70 basis points[a] (bps) due in part to Federal Reserve (Fed) rate hikes, while longer-term rates remained relatively unchanged—resulting in the flattest yield curve since 2007. In addition to the Fed's actions, a number of other factors influenced markets over the course of the year, including generally healthy economic data and the prospect of business-friendly tax cuts.

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 71% equity weighting (including 5% 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.

EQUITY STRATEGY: FINDING OPPORTUNITIES IN HEALTH CARE AND ENERGY

At Dodge & Cox, our strong price discipline is an essential component of our investment strategy. Investment returns hinge on the purchase price: a good company is not always a good investment if the starting valuation is too high. We seek to invest in companies with valuations that do not fully reflect prospects for the company and where our analysis suggests the possibility of more positive developments. We constantly weigh valuation against company fundamentals and re-evaluate our thinking as prices change.

In response to diverging valuations, we made a number of gradual portfolio adjustments during 2017. We trimmed selected Information Technology, Media, and Financials holdings that had performed strongly. The portfolio's largest sale was DXC Technology, the company formed through the merger of Hewlett Packard Enterprise's services division and Computer Sciences Corporation. As a result of the Fund's investment in Hewlett Packard Enterprise, the Fund received DXC shares in April 2017, and the stock performed strongly. While the CEO has an impressive track record of shareholder value creation, management's three-year plan embedded high expectations for margin expansion and earnings growth. We questioned whether these targets, even if achieved, would be sustainable over the long term. These concerns, combined with DXC's higher valuation, led us to sell the stock (up 36% over the holding period). We redeployed these proceeds, and others, into more attractively valued companies in the Health Care and Energy sectors, where our long-term outlook is more positive than that of many other investors.

Health Care

In the Pharmaceuticals industry, we believe valuations are compelling, reflecting regulatory and pricing concerns. As a result of industry consolidation and higher market shares, pharmacy benefit managers have been able to exert increased pricing pressure on drug manufacturers. This trend could impact long-term profitability for pharmaceutical companies. Despite these challenges, the FDA has recently increased the pace of new drug approvals. Most of the portfolio's pharmaceutical companies feature durable franchises with significant barriers to entry and growth potential from new discoveries and expansion into emerging markets.

Based on our evaluation of the risks and opportunities, the portfolio has significant exposure to the Pharmaceuticals and Biotechnology industries (14.3% compared to 7.4% for the S&P 500[b]). In 2017, we added tactically to several holdings as valuations became more attractive and initiated three new positions: Eli Lilly, Gilead Sciences, and GlaxoSmithKline.[c]

GlaxoSmithKline

The Fund recently re-established a position in GlaxoSmithKline, after selling it in 2015. Based in the United Kingdom, the company has leading therapeutic franchises in respiratory care and HIV. In addition to its traditional pharmaceuticals business, the company is diversified through strong and growing businesses in vaccines and over-the-counter consumer health.

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

b Unless otherwise specified, all weightings and characteristics are as of December 31, 2017.

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

In 2015, we sold GlaxoSmithKline based on market headwinds and a higher valuation. The company's pharmaceuticals business was suffering from pricing pressure on a key respiratory drug, Advair, and the pipeline of new drug launches was weak. The valuation, at 20 times forward earnings, was relatively expensive and did not sufficiently compensate for the risks. Some of those risks, including continued weakness in Advair sales, materialized, and the valuation declined after we sold the position.

In the second half of 2017, however, we built a position in GlaxoSmithKline again based on a more favorable fundamental long-term outlook and a lower valuation (12 times forward earnings). In the respiratory care division, declines in Advair sales should be offset by new drugs, aided by a new inhaler. The HIV segment is growing at healthy rates due to increased adoption of Dolutegravir, a drug that blocks an enzyme needed for HIV to replicate. Combined with continued growth in vaccines and consumer health, the company should achieve modest earnings growth. Meanwhile, the management team has also been revamped. The new CEO is focusing on renewing the pharmaceutical pipeline and has brought in a well-regarded head of research and development to lead that effort. Improvements in the drug pipeline will take time to manifest, but in the meantime, the company continues to generate stable cash flow and has an attractive 6% dividend yield. On December 31, GlaxoSmithKline was a 1.4% position in the equity portfolio.

Energy

While Energy was the second-worst performing sector (down 1%) of the S&P 500 during 2017, we continue to believe Energy is an attractive area of the market. Global supply and demand fundamentals are supportive of higher oil prices. Demand growth in the developing world continues to be healthy, and the dearth of investment in new supply over the past few years should lead to a tighter balance. We conduct ongoing research to test our investment thesis and recently met with industry executives and experts in Houston and the Middle East. Our trips reaffirmed that development costs in U.S. shale oil are rising with more activity and that many other global sources of new supply are likely needed to satisfy demand. Our research also reinforced the importance of investing in oil producers with assets on the low end of the cost curve and management teams that are investing counter-cyclically.

The portfolio remains modestly overweight the Energy sector (7.6% compared to 6.1% for the S&P 500), primarily due to investments in the Energy Equipment & Services (Oil Services) industry and growing exposure to exploration and production (E&P) companies. Oil services companies are particularly appealing due to their strong franchises and ability to expand earnings as producers reinvest in projects to meet growing global demand. Given attractive valuations, we recently added to selected holdings, including Anadarko Petroleum (a leading global E&P company with strong operational capabilities) and Baker Hughes.

Baker Hughes, a GE Company

We have held Baker Hughes in the Fund since 1998, actively adding to and trimming from the position given relative valuation opportunities and changing fundamentals over the years. In July 2017, GE Oil & Gas completed its acquisition of Baker Hughes, forming Baker Hughes GE (BHGE), now the second largest oilfield services company in the world after Schlumberger (also held in the equity portfolio, 1.5% at year end). By combining oilfield services (Baker Hughes) and oilfield equipment (GE Oil & Gas) businesses, BHGE is the only company that serves the upstream, midstream, and downstream segments of the Oil, Gas, and Consumable Fuels industry.

Adjusting for the $17.50 per share cash dividend the Fund received in July, the stock was weak in 2017. While oil service activity levels have started to rebound in North America due to the resurgence of U.S. shale oil, hopes for an international recovery have been delayed. During the second half of 2017, we added to BHGE given its lower valuation, earnings growth potential, diversified business model, and financial strength. Management is targeting a $1.6 billion improvement in EBITDA, driven by 75% cost savings and 25% revenue synergies. There is a long-term opportunity for BHGE to increase its market share with its improved scale. BHGE's leadership position in compressors and turbines generates long-term service contracts with attractive recurring revenue, which should reduce downside volatility. In addition, the company has a healthy balance sheet and recently announced a $3 billion share buyback. We believe BHGE provides attractive risk-reward diversification to the Fund's Energy portfolio. The company was a 0.9% position in the equity portfolio on December 31.

FIXED INCOME STRATEGY

Our experienced and integrated team of fixed income investment professionals has looked for ways to add durable yield in an environment with less attractive opportunities in the market. Fuller valuations—U.S. credit spreads contracted by almost 30 bps—compelled us to continue to reduce credit[d] exposure in 2017. While we are comfortable with the portfolio's current holdings, which we believe to be fairly valued relative to individual issuer fundamentals, these actions have reduced the portfolio's yield advantage (49 bps at year end versus 82 bps at the beginning of the year) versus the Bloomberg Barclays U.S. Aggregate Bond Index (Bloomberg Barclays U.S. Agg).

We made other smaller adjustments to portfolio positioning throughout the year but retain the same general themes. We maintain a defensive posture with respect to interest rate risk, with a portfolio duration[e] of 4.3 years (compared to 6.0 years for the Bloomberg Barclays U.S. Agg). Despite the aforementioned reductions, the portfolio maintains sizeable credit exposure at 44% (13 percentage points more than the index), of which 37% is sourced from corporate bonds and 7% from government-related securities. The portfolio maintains 40% in securitized (primarily Agency[f] MBS) holdings, and the portfolio's 15% weighting in U.S. Treasuries represents "dry powder" we can deploy as we uncover interesting opportunities and/or wait for a more interesting valuation environment.

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

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

f 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.

Credit: Reducing Idiosyncratic Exposures at Fuller Valuations

Since early 2016, we have been selectively trimming the portfolio's credit exposure into a strengthening market. Individual issuer trims reduced the portfolio's credit weighting by two percentage points in 2017, following a similar decrease in 2016. The most recent year's reductions were achieved through a combination of tactical, relative value-driven trims (e.g., Capital One, Dell, Kinder Morgan) and by taking advantage of liability management exercises (tender offers, make-whole calls) undertaken by corporate issuers (e.g., Cemex, Cigna, Time Warner, Vulcan Materials, Xerox). These companies offered attractive terms (higher-than-market prices) to buy back their debt primarily to retire high-coupon debt, extend maturities, and/or take advantage of related tax deductions prior to the expected implementation of tax reform. Attractively priced tenders like these provided the opportunity to selectively reduce exposure without incurring transaction costs.

At current valuations, the credit sector as a whole offers a less compelling value proposition relative to previous periods over the last decade but still represents reasonable value relative to alternatives. Corporate fundamentals are strong, with no obvious catalyst for broad-based deterioration. Profitability is robust, and liquidity is available for all but the most challenged issuers. Additionally, the operating environment is healthy, with strong and synchronized global growth, business-friendly policies likely to come out of Washington, and robust demand for credit. Furthermore, as active managers we seek to generate an above-market yield through our security selection efforts and have a portfolio that is differentiated from the broad credit market. Demonstrating this fact, the portfolio's credit holdings offer a yield premium[g] of 167 bps, almost twice that of the broad investment-grade Credit Index (89 bps).

Stable MBS Weighting, but Alert to New Opportunities

The portfolio's MBS performed well in 2017, benefiting from a benign interest rate environment and muted refinancing activity among the portfolio's favored holdings. We kept the MBS weighting stable throughout 2017 at roughly a third of the portfolio.

The MBS market garnered a fair amount of attention in 2017 as the Fed began its "balance sheet normalization"[h] process late in the year. We foresaw no material impact to MBS valuations despite investor concerns earlier in the year, thanks to the transparency of the unwind program and the modest nature of the initial reduction. Importantly, since we have only modest overlap with the MBS featured on the Fed's balance sheet, any potential normalization-related disruption would likely be minimal. We will continue to evaluate opportunities and risks in the MBS market as the Fed's policy normalization evolves.

Mitigating Interest Rate Risk in the Fixed Income Portfolio

We made no major changes to the portfolio's shorter-than-benchmark duration posture in 2017. In our analysis, longer-term interest rates are not reflecting the likely strengthening of global growth and inflation over the next several years. The passage of tax reform in December will likely continue to provide additional fiscal stimulus to an economy already operating above its long-term potential. Driven by the increasingly tight labor market, we expect core inflation measures to increase from the recent dip to approach 2% in the near future. Finally, a notable gap remains between market expectations for a very slow pace of future federal funds rate increases (implied by the forward curve) and the Fed's stated expectations (which align more with our view). For these reasons, we continue to believe that a shorter relative duration is prudent.

IN CLOSING

U.S. equity valuations are now at the high end of the historical range. While we have a tempered return outlook for the overall U.S. market, we are optimistic about the long-term prospects for the Fund's equity portfolio, which continues to trade at a significant discount to the market. On December 31, the Fund's equity portfolio of 66 companies traded at 16 times forward estimated earnings, compared to 20 times for the S&P 500.

Similarly, in fixed income, future returns may be low (or even negative) if yields rise substantially from current levels. In addition, the credit markets are unlikely to provide the important performance tailwind of the past two years, given current narrow spread levels.

As an active, value-oriented manager, we believe the valuation disparities that characterize the current market offer significant opportunities. Our fundamental, bottom-up, price-disciplined investment approach requires conviction and patience. Accordingly, maintaining a long-term investment horizon and staying the course are essential. We thank our fellow shareholders for your continued confidence in Dodge & Cox. As always, we welcome your comments and questions.

For the Board of Trustees,

Charles F. Pohl, Chairman	Dana M. Emery, President

January 30, 2018

g 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.

h Balance sheet normalization refers to the Fed's plan to shrink its balance sheet, which grew from $800 billion in 2007 to $4.5 trillion by 2015. During that time, the Fed purchased Treasuries and Agency MBS as an unconventional monetary policy tool to keep interest rates low in support of economic growth. Now that monetary policy is on a gradually tightening path, the Fed is reducing the size of its balance sheet by reducing these holdings. The normalization process consists largely of "runoff" (i.e., not reinvesting maturing bonds or MBS paydowns) at an accelerating monthly rate.

December 31, 2017

DODGE & COX FUNDS®

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.

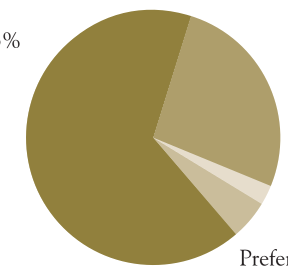
GENERAL INFORMATION

Net Asset Value Per Share	$107.00
Total Net Assets (billions)	$16.4
Expense Ratio	0.53%
Portfolio Turnover Rate	19%
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 U.S. Equity Investment Committee, whose eight members' average tenure at Dodge & Cox is 24 years, and by the U.S. Fixed Income Investment Committee, whose eight members' average tenure is 22 years.

ASSET ALLOCATION



EQUITY PORTFOLIO (71.2%)	Fund
Number of Common Stocks	**66**
Number of Preferred Stocks	**5**
Median Market Capitalization (billions)[b]	**$52**
Price-to-Earnings Ratio[b][c]	**16.1x**
Foreign Securities not in the S&P 500[d]	**7.6%**

FIVE LARGEST SECTORS(%)	Common	Preferred	Fund
Financials	19.0	4.6	**23.6**
Health Care	15.1	–	**15.1**
Information Technology	11.7	–	**11.7**
Consumer Discretionary	9.7	0.3	**10.0**
Energy	5.4	–	**5.4**

TEN LARGEST EQUITIES(%)[e]	Common	Preferred	Fund
Wells Fargo & Co.	2.5	1.5	**4.0**
JPMorgan Chase & Co.	1.7	1.7	**3.4**
Bank of America Corp.	2.5	0.5	**3.0**
Charles Schwab Corp.	2.7	–	**2.7**
Capital One Financial Corp.	2.6	–	**2.6**
Comcast Corp.	2.1	–	**2.1**
Alphabet, Inc.	2.0	–	**2.0**
Microsoft Corp.	1.9	–	**1.9**
Charter Communications, Inc.	1.8	–	**1.8**
Novartis AG (*Switzerland*)	1.8	–	**1.8**

FIXED INCOME PORTFOLIO (26.3%)	Fund
Number of Credit Issuers	**46**
Effective Duration (years)[g]	**4.3**

SECTOR DIVERSIFICATION (%)	Fund
U.S. Treasury[h]	**4.1**
Government-Related[i]	**1.8**
Securitized	**10.6**
Corporate	**9.8**

CREDIT QUALITY (%)[j]	Fund
U.S. Treasury/Agency/GSE[h]	**13.8**
Aaa	**0.5**
Aa	**1.0**
A	**0.9**
Baa	**8.1**
Ba	**1.6**
B	**0.0**
Caa	**0.4**

FIVE LARGEST CREDIT ISSUERS (%)[e]	Fund
Charter Communications, Inc.	**0.6**
State of California GO	**0.6**
Bank of America Corp.	**0.6**
Petroleos Mexicanos	**0.5**
State of Illinois GO	**0.5**

(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, derivatives, receivables, and payables.
(g) Interest rate derivatives reduce the duration of the fixed income portfolio by 0.6 years (i.e., total portfolio duration is 4.9 without derivatives).
(h) Data as presented excludes the Fund's position in Treasury futures contracts.
(i) The portfolio's Government-Related holdings include tax-exempt municipal securities; the BBG Barclays U.S. Agg classifies these securities as Municipal Bonds.
(j) 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 Return[1]

For periods ended December 31, 2017	1 Year	3 Years	5 Years	10 Years	20 Years
Dodge & Cox Balanced Fund	12.59%	8.42%	12.24%	7.09%	8.46%
Combined Index	14.21	7.83	10.27	6.99	6.62

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 3.6% for the fourth quarter of 2017, compared to 4.1% for the Combined Index[1] (a 60/40 blend of stocks and fixed income securities). For 2017, the Fund had a total return of 12.6%, compared to 14.2% for the Combined Index.

INVESTMENT COMMENTARY

U.S. equity markets continued to climb steadily during the fourth quarter, capping off a year of strong performance and low volatility. The S&P 500 reached an all-time high in mid-December and ended the year up 22%. The extraordinary rally in U.S. equities since March 2009 is the second-longest bull market in U.S. history.

During 2017, U.S. growth stocks (the higher valuation portion of the equity market) outperformed value stocks (the lower valuation portion) by 17 percentage points overall.[2] Companies associated with technological advances led the market. The "FAANG" growth stocks—Facebook, Amazon, Apple, Netflix, and Google—were particularly strong and accounted for 20% of the S&P 500's total return. Dodge & Cox's approach is value oriented, and the equity portfolio outperformed the U.S. value investment universe by approximately five percentage points.[3] However, the outperformance of growth stocks had a negative impact on the equity portfolio's relative results versus the broad-based S&P 500.

U.S. equity valuations are now at the high end of the historical range. While we have a tempered return outlook for the overall U.S. market, we are optimistic about the long-term prospects for the equity portfolio, which continues to trade at a significant discount to the overall market. On December 31, the 66 common equities held by the equity portfolio traded at 16 times forward estimated earnings, compared to 20 times for the S&P 500.

In fixed income, the U.S. investment-grade bond market generated a modest positive return in the fourth quarter of 2017, as strong performance from the corporate bond sector was largely offset by price declines associated with rising interest rates. The flattening of the U.S. yield curve was notable, as 2-year yields rose by 40 basis points[4] but longer term rates remained anchored, resulting in the flattest curve since 2007. Several factors influenced the fixed income markets, including generally positive economic data, the prospect of business-friendly tax cuts, and a rate hike by the Federal Reserve.

Investment-grade corporate bonds returned 1.2%[5] for the quarter, outperforming comparable-duration[6] Treasuries by one percentage point. The resilient credit market shrugged off a mid-quarter sell-off, and credit yield premiums ended 2017 at their narrowest level in ten years. The corporate sector benefited from robust global demand for yield and generally positive earnings announcements as well as the prospect of lower corporate tax rates. Meanwhile, Agency[7] MBS returned 0.2% and outperformed comparable-duration Treasuries by 0.2 percentage points.

Overall, we remain optimistic about the long-term outlook for the Fund. Our fundamental, active, value-oriented investment approach requires conviction and patience. Accordingly, maintaining a long-term investment horizon and staying the course are essential. We thank our fellow shareholders for your continued confidence in Dodge & Cox.

FOURTH QUARTER PERFORMANCE REVIEW

The Fund underperformed the Combined Index by 0.5 percentage points during the quarter.

EQUITY PORTFOLIO[8]

- Returns from holdings in the Consumer Discretionary sector (up 3% compared to up 10% for the S&P 500 sector) negatively impacted relative results. Time Warner (down 10%) and Charter Communications (down 8%) lagged.
- The portfolio's higher average weighting in the Health Care sector (23% versus 14% for the S&P 500 sector) detracted; certain Pharmaceuticals holdings underperformed, including Sanofi (down 14%) and GlaxoSmithKline (down 11%).
- The portfolio's Financials holdings (up 11% compared to up 9% for the S&P 500 sector) and higher average weighting in the sector (28% versus 15%) helped results. Capital One Financial (up 18%) and Charles Schwab (up 18%) were particularly strong.

FIXED INCOME PORTFOLIO

- Security selection within credit was positive as certain holdings performed well, particularly Rio Oil Finance Trust. Other notable outperformers included AT&T, Bank of America capital securities, and Time Warner.
- The portfolio's overweight to corporate bonds and underweight to U.S. Treasuries added to relative returns given the strong performance of credit.
- The portfolio's lower exposure to long-term (10+ years) bonds detracted from relative returns as the yield curve flattened; however, this effect was offset by the portfolio's overall shorter relative duration (74%[9] of the Bloomberg Barclays U.S. Agg's duration).

2017 PERFORMANCE REVIEW

The Fund underperformed the Combined Index by 1.6 percentage points in 2017. The Fund's higher allocation to equities had a positive impact on relative results, which was partially offset by the impact of holding S&P 500 Index put options.

EQUITY PORTFOLIO

- Returns from holdings in the Energy sector (down 16% compared to down 1% for the S&P 500 sector), combined with a higher average weighting (8% versus 6%), detracted from results. Apache (down 32%) and Baker Hughes (down 27%) were weak.
- Relative results were hindered by the strong performance of several large stocks not held by the portfolio (e.g., Amazon, Apple, Facebook).
- A number of individual holdings contributed, including Alnylam Pharmaceuticals (up 239%), Cigna (up 52%), Wal-Mart (up 47%), HP Inc. (up 46%), and several financial services companies.

FIXED INCOME PORTFOLIO

- Security selection within credit was strongly positive as several corporate holdings performed well, including Bank of America capital securities, Citigroup capital securities, and Telecom Italia. Certain emerging market-domiciled holdings also outperformed, including Pemex and Rio Oil Finance Trust.
- The portfolio's overweight to corporate bonds added to relative returns given the strong performance of credit.
- The portfolio's lower exposure to long-term (10+ years) bonds detracted from relative returns as the yield curve flattened.

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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 30.2% compared to 13.7% for the Russell 1000 Value Index during 2017.

3 The equity portfolio had a total return of 18.6% compared to 13.7% for the Russell 1000 Value Index during 2017.

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

5 Sector returns as calculated and reported by Bloomberg.

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

7 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.

8 Excludes the Fund's preferred stock positions.

9 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.