Dodge & Cox Funds®

Balanced Fund

TO OUR SHAREHOLDERS

The Dodge & Cox Balanced Fund had a total return of 0.0% for the six months ended June 30, 2018, compared to a return of 1.0% for the Combined Index (a 60/40 blend of stocks and fixed income securities).

MARKET COMMENTARY

During the first half of 2018, U.S. growth stocks (the higher valuation portion of the equity market) outperformed value stocks (the lower valuation portion) by nine percentage points,[a] continuing a long-term trend. Since the end of 2014, growth has bested value by 32 percentage points;[b] growth-oriented companies in sectors and industries associated with technology—most notably the "FAANG" stocks (Facebook, Amazon, Apple, Netflix, Google)—have led markets.

In fixed income, the U.S. investment-grade bond market delivered a negative return as higher Treasury yields and wider credit spreads pushed bond prices lower. Interest rates fluctuated throughout the period as investors grappled with the offsetting influences of strong U.S. economic activity, rising inflation, geopolitical uncertainty, and intervals of volatility in financial markets.

INVESTMENT STRATEGY

We set the Fund's asset allocation based on our long-term outlook for the Fund's equity and fixed income holdings, which currently favors equities. We did not make any meaningful changes to this allocation during the first half of the year. At quarter end, the Fund's 71.4% equity weighting (including 4.9% in preferred stocks) reflected our more positive outlook for total return potential from equities than from fixed income.[c]

Equity Strategy

We understand that there are periods when value is trumped by growth. However, we believe the current divergence may narrow. In the United States, the valuation differential between growth and value stocks is wider than usual, with growth stocks trading at historically large premiums. Returns of value-focused strategies have been influenced by valuation spreads, and we believe current conditions are favorable for value stocks to rebound. While investors may not immediately recognize the intrinsic value of companies in relation to sales, cash flows, earnings, or book value, market prices over time tend to be driven by long-term fundamentals.

In the first six months of 2018, we made gradual portfolio adjustments in response to diverging valuations. For example, we sold selected technology and retail holdings that had performed strongly. We continue to find selected opportunities in industries such as Media and Banks.

Media

Within Consumer Discretionary, Media is an important overweight position in the equity portfolio: 11% compared to 2% for the S&P 500 on June 30. The media landscape is evolving due to direct-to-consumer new entrants, changes in consumer viewing and listening habits, shifting revenue streams, and industry consolidation. Uncertainty surrounding pending merger and acquisition (M&A) transactions and potential regulatory incursions (e.g., unbundling, forcing wholesale access, price regulation on broadband) pose risks to the portfolio's media investments.

Nevertheless, we recently added to Comcast[d] and Charter Communications—the largest and second-largest cable providers in the United States—because we believe the market has overly penalized their share prices as a result of concerns about subscriber growth and potential bidding wars. Both companies have attractive valuations, difficult-to-replicate assets, and the potential to benefit from growth in data consumption. Comcast and Charter Communications also have de-facto local monopolies on broadband internet services in many parts of the United States and, despite talk of "cord cutting," have potential to grow through increased broadband penetration and pricing power in residential and business services. Furthermore, their shareholder-friendly management teams are skilled capital allocators who seek to maximize value. In the equity portfolio, Comcast and Charter Communications were 3.6% and 2.9% positions, respectively, and among the ten largest holdings on June 30.

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a The Russell 1000 Growth Index had a total return of 7.3% compared to –1.7% for the Russell 1000 Value Index during the first six months of 2018.

b The Russell 1000 Growth Index had a cumulative total return of 58.0% compared to 26.1% for the Russell 1000 Value Index from December 31, 2014 through June 30, 2018.

c Unless otherwise specified, all weightings and characteristics are as of June 30, 2018.

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

Wells Fargo

During the first half of 2018, we opportunistically added to Wells Fargo (down 7%), which was weak among bank stocks and detracted from performance. In February, Wells Fargo entered into a consent agreement with the Federal Reserve (Fed) that, among other things, placed restrictions on the bank's asset growth (capped at $1.952 trillion). This regulatory agreement stemmed from Wells Fargo's previously disclosed improper sales practices.

Since 2016, Wells Fargo has made substantial progress improving its governance, compliance controls, and operational risk management. Notably, the leadership and composition of the company's board has improved, including the election of six new independent directors in 2017. Management has affirmed its commitment to have third parties conduct an initial risk management review by the end of 2018. The company has settled with regulators regarding its auto insurance and mortgage sales practices and has also resolved class-action lawsuits with shareholders and consumers. Furthermore, Wells Fargo passed the Fed's annual industry stress test in June and received approval to use $32.9 billion for dividends and share buybacks over the next 12 months, representing a significant return of capital to shareholders.

After a comprehensive review, we believe Wells Fargo's superior franchise, deep management team, track record of generating higher returns than other banks, and attractive valuation at 1.5 times book value make it a compelling long-term investment opportunity. On June 30, Wells Fargo was the equity portfolio's largest holding (a 5.9% position).

Fixed Income Strategy

The fixed income portfolio features sizable positions in corporate bonds and Agency[e] mortgage-backed securities (MBS) (38% and 35%, respectively) and smaller positions in government-related securities (5%) and asset-backed securities (ABS) (7%). The portfolio's 15% position in U.S. Treasuries represents "dry powder" we can deploy as we uncover interesting opportunities. We have maintained the portfolio's defensive duration position given our longer-term expectations for interest rates to rise more than implied by current market valuations. Modest changes to portfolio positioning over the first half of 2018 reflected decisions made at the individual security and issuer levels by our investment team.

Credit: Continuing to Monitor Risks and Seek Opportunities

The fixed income portfolio's weighting in credit-related issues declined by just one percentage point during the first half of 2018 to 45%, which understates a number of adjustments made at the individual security and issuer levels. For example, we trimmed certain holdings with somewhat less compelling risk/reward relationships after strong performance (e.g., State of California, Telecom Italia). In addition, other holdings either matured (e.g., State of Illinois), were "make-whole" called[f] (e.g., Navient), or were redeemed by the issuer at a large premium to the market price (e.g., Bank of America capital securities).

The recent widening in credit spreads generally—from 85 bps in early February to 123 bps at the end of June—has created incremental opportunities. These types of market movements have enabled us to add value over longer time periods, as we often use market weakness to add to existing positions or build new ones. For example, we purchased CVS bonds in the first quarter in connection with the company's levered acquisition of Aetna, and we added to the portfolio's Charter Communications position at an attractive valuation as investor sentiment regarding cable television providers soured somewhat amid M&A rumors.

We also initiated a position in Bayer AG, which issued approximately $20 billion of debt in June to fund its acquisition of Monsanto. The combination of Bayer and Monsanto creates a leader in crop science and pharmaceuticals, industries that are expected to benefit from global trends such as an aging population in developed markets, as well as population and income growth in emerging markets. In addition to the large scale and diverse nature of Bayer's business, we were attracted by the company's significant free cash flow, large equity cushion, and ample liquidity. The company's management is committed to rapidly delevering the balance sheet and returning the company to an A rating. Our firm's substantial knowledge of this company, based on the 14 years we've held Bayer equity in the Dodge & Cox International Stock Fund, facilitated our ability to comprehensively research its creditworthiness. We believe investors are being adequately compensated for the risks of high initial leverage for the combined companies, upcoming patent expirations, and potential M&A integration challenges.

We remain constructive on the portfolio's credit holdings which, in our view, offer attractive long-term value relative to Treasuries. In general, fundamentals remain strong: corporate profitability is solid and the operating environment is healthy. There is sustained global growth, and the banking system remains well capitalized and liquid. That said, concerns about higher leverage, particularly in association with M&A activity, and macro uncertainty have weighed on credit spreads. We recognize certain factors could create volatility in credit markets (e.g., escalating trade tensions, geopolitical events, equity market volatility), but such short-term turbulence can provide opportunities as prices fluctuate. Our rigorous, downside-focused underwriting process is designed to mitigate default risk, underpin the conviction necessary to maintain holdings through periods of stress, and facilitate the long-term compounding of incremental yield. The result is a credit portfolio that is significantly differentiated from the broad credit market.

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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.

f A make-whole call provision is a call provision attached to a bond, whereby the borrower must make a payment to the lender in an amount equal to the net present value of the coupon payments that the lender will forgo if the borrower pays the bonds off early.

Securitized: A Source of Consistency, Liquidity, and Incremental Yield

The fixed income portfolio's holdings in the Securitized sector consist predominantly of Agency MBS, with a small position in AAA-rated ABS. As a group, these securities add incremental yield over Treasuries in the intermediate portion of the yield curve and, given their high credit quality and strong liquidity, provide ballast for the overall portfolio. In the first half of the year, we added modestly to the portfolio's weighting, slightly changing the composition of underlying Agency MBS holdings and also adding modestly to ABS holdings in response to relative valuations. As with credit investments, we utilize in-house fundamental research on securities in this sector to identify attractive total return opportunities over a broad range of scenarios.

Defensive Duration: Mitigating Interest Rate Risk

We continue to position the portfolio defensively with regard to interest rate risk, with a duration of 4.6 years (equal to 76% of the Bloomberg Barclays U.S. Agg's duration). Despite the Fed's recent federal funds rate hikes, we continue to believe that a shorter relative duration is prudent. The significant tightening in measures of unemployment is likely to lead to higher wages. Coupled with stimulative tax and spending measures, the prospects for more rapid economic growth and somewhat higher inflation have risen. Keeping in mind the Fed's dual mandate of full employment and stable inflation, these factors should keep the Fed nudging short-term rates higher and add upward pressure on longer-term rates.

IN CLOSING

Despite geopolitical uncertainty, we remain optimistic about the long-term outlook for the U.S. economy and the Fund. The equity portfolio trades at a discount to the overall market (13.8 times forward earnings compared to 17.1 times for the S&P 500). We continue to position the fixed income portfolio defensively from a capital preservation standpoint, while seeking opportunities to build portfolio yield through our bottom-up, research-driven investment approach.

We believe the Fund is well positioned based on our view that longer-term global economic growth will be better than many investors expect, interest rates will continue to rise, and the outlook for corporate earnings remains attractive.

Patience, persistence, and a long-term investment horizon are essential to our investment approach. We encourage our shareholders to take a similar view. 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,
Chairman

Dana M. Emery,
President

August 1, 2018

DODGE & COX FUNDS®

June 30, 2018

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.

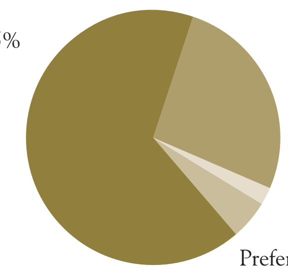
GENERAL INFORMATION

Net Asset Value Per Share	$104.75
Total Net Assets (billions)	$15.4
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.

ASSET ALLOCATION



EQUITY PORTFOLIO (71.4%)	Fund
Number of Common Stocks	**65**
Number of Preferred Stocks	**5**
Median Market Capitalization (billions)[b]	**$45**
Price-to-Earnings Ratio[b][c]	**13.8x**
Foreign Securities not in the S&P 500[d]	**7.6%**

FIVE LARGEST SECTORS(%)	Common	Preferred	Fund
Financials	18.0	4.5	**22.5**
Health Care	15.5	–	**15.5**
Information Technology	11.2	–	**11.2**
Consumer Discretionary	9.7	0.4	**10.1**
Energy	6.1	–	**6.1**

TEN LARGEST EQUITIES(%)[e]	Common	Preferred	Fund
Wells Fargo & Co.	2.7	1.5	**4.2**
JPMorgan Chase & Co.	1.6	1.7	**3.3**
Bank of America Corp.	2.2	0.5	**2.7**
Comcast Corp.	2.5	–	**2.5**
Capital One Financial Corp.	2.4	–	**2.4**
Charles Schwab Corp.	2.4	–	**2.4**
Twenty-First Century Fox, Inc.	2.3	–	**2.3**
Microsoft Corp.	2.2	–	**2.2**
Charter Communications, Inc.	2.1	–	**2.1**
Alphabet, Inc.	2.1	–	**2.1**

FIXED INCOME PORTFOLIO (26.3%)	Fund
Number of Credit Issuers	**48**
Effective Duration (years)[g]	**4.6**

SECTOR DIVERSIFICATION (%)	Fund
U.S. Treasury[h]	**3.9**
Government-Related[i]	**1.6**
Securitized	**10.9**
Corporate	**9.9**

CREDIT QUALITY (%)[j]	Fund
U.S. Treasury/Agency/GSE[h]	**13.1**
Aaa	**0.5**
Aa	**1.7**
A	**1.0**
Baa	**8.0**
Ba	**2.0**
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**
Verizon Communications, Inc.	**0.4**
Cox Enterprises, 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) 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 0.2 years (i.e., total portfolio duration is 4.8 years 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 Index 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 June 30, 2018	1 Year	3 Years	5 Years	10 Years	20 Years
Dodge & Cox Balanced Fund	6.88%	8.04%	9.62%	8.39%	8.11%
Combined Index	8.34	7.90	8.98	7.84	6.07

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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 1.5% for the second quarter of 2018, compared to 2.0% for the Combined Index (a 60/40 blend of stocks and fixed income securities). For the six months ended June 30, 2018, the Fund had a total return of 0.0%, compared to 1.0% for the Combined Index.

INVESTMENT COMMENTARY

During the second quarter of 2018, U.S. growth stocks (the higher valuation portion of the equity market) outperformed value stocks (the lower valuation portion) by five percentage points,[2] continuing a long-term trend. Since 2014, growth has bested value by 32 percentage points;[3] growth-oriented companies in sectors and industries associated with technology—most notably the "FAANG" stocks (Facebook, Amazon, Apple, Netflix, Google)—have led markets.

Dodge & Cox's approach is value oriented, and we understand that there are periods when value is trumped by growth. But we believe the current divergence may narrow and even reverse. The valuation differential between value and growth is wider than usual, with growth stocks trading at historically large premiums. Returns to value-focused strategies have been influenced by valuation spreads, and we believe current conditions are favorable for value stocks to rebound.

As a result of individual security selection, the equity portfolio remains tilted toward more economically sensitive companies in the Financials, Information Technology, Consumer Discretionary, and Energy sectors. Within Consumer Discretionary, Media is an important overweight position. We recently added to Comcast and Charter Communications—the largest and second-largest U.S. cable providers—because we believe the market has overly penalized their share prices due to concerns about subscriber growth and potential bidding wars. Both companies have attractive valuations, difficult to replicate assets, and the potential to benefit from growth in data consumption.

In fixed income, the investment-grade Corporate sector generated a return of –1.0%,[4] underperforming comparable-duration[5] Treasuries by one percentage point. Rising trade tensions and other geopolitical concerns weighed on investor sentiment and overwhelmed the effect of generally solid corporate earnings. Meanwhile, Agency[6] MBS returned 0.2%, outperforming comparable-duration Treasuries by 0.2 percentage points. In the second quarter, we also made modest adjustments to the fixed income portfolio. For example, we initiated a position in Bayer AG debt, issued to fund its merger with Monsanto, and we added to Charter Communications at an attractive valuation.

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

SECOND QUARTER PERFORMANCE REVIEW

The Fund underperformed the Combined Index by 0.5 percentage points during the quarter. The underperformance of the equity portfolio was partially offset by having a lower allocation to fixed income.

EQUITY PORTFOLIO[7]

- Returns from holdings in the Information Technology sector (up 3% compared to up 7% for the S&P 500 sector) hurt results. Hewlett Packard Enterprise (down 16%) was a laggard.
- The portfolio's average overweight position (28% versus 14%) in the Financials sector impeded results. Goldman Sachs (down 12%) performed poorly.
- The portfolio's average overweight position (9% versus 6%) and holdings in the Energy sector (up 17% compared to up 14% for the S&P 500 sector) aided performance. Anadarko Petroleum (up 22%) and Apache (up 22%) were key contributors.

FIXED INCOME PORTFOLIO[8]

- Security selection within credit was negative as several corporate holdings underperformed, including AT&T, HSBC, and Telecom Italia. Certain emerging market holdings also underperformed, particularly Pemex.
- The portfolio's overweight to corporate bonds and underweight to U.S. Treasuries detracted from relative returns given the poor performance of credit.
- The portfolio's shorter relative duration (71% of the Bloomberg Barclays U.S. Agg's duration) added to relative returns.

YEAR-TO-DATE PERFORMANCE REVIEW

The Fund underperformed the Combined Index by 1.0 percentage points year to date. The underperformance of the equity portfolio was partially offset by having a lower allocation to fixed income.

EQUITY PORTFOLIO[7]

- Similar to full-year 2017, the strong performance of several large internet and technology stocks not held by the portfolio (including Amazon, Apple, Facebook, and Netflix) negatively impacted relative results. This was significant in both the Information Technology and Consumer Discretionary sectors.
- Within Information Technology (holdings up 6% compared to up 11% for the S&P 500 sector), Micro Focus International (down 48%) was particularly weak.
- In the Consumer Staples sector, the portfolio's underweight position (average less than 1% versus 7% for the S&P 500 sector) helped results. The portfolio's lack of holdings in the Tobacco and Household Products industries, down 20% and 12% in the Index, respectively, was a meaningful positive.

FIXED INCOME PORTFOLIO

- 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 Macy's, Rio Oil Finance Trust, and Verizon.
- The portfolio's overweight to corporate bonds and underweight to U.S. Treasuries detracted from relative returns given the poor performance of credit.

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 5.8% compared to 1.2% for the Russell 1000 Value Index during the second quarter of 2018.

3 The Russell 1000 Growth Index had a cumulative total return of 58.0% compared to 26.1% for the Russell 1000 Value Index from December 31, 2014 through June 30, 2018.

4 Sector returns as calculated and reported by Bloomberg.

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

6 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.

7 Excludes the Fund's preferred stock positions.

8 Duration figures cited 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.