Dodge & Cox Funds®

Balanced Fund

TO OUR SHAREHOLDERS

The Dodge & Cox Balanced Fund had a total return of 5.4% for the six months ended June 30, 2017, compared to a return of 6.5% for the Combined Index (a 60/40 blend of stocks and fixed income securities).

MARKET COMMENTARY

U.S. equity markets continued to climb during the first half of 2017: the S&P 500 reached an all-time high in mid-June and ended the period up 9%, marking its strongest first half since 2013. Information Technology was the best-performing sector of the S&P 500, and Energy was the worst-performing sector amid lower oil prices. Solid corporate earnings growth, combined with expectations of an improving economy, boosted U.S. equity returns and propelled valuations further above longer-term averages.

In fixed income, the U.S. investment-grade bond market delivered a 2.3% return for the first half of 2017, driven by narrowing credit yield premiums[a] and modest declines in longer-term interest rates. Generally positive macroeconomic data, changing investor expectations regarding Federal Reserve (Fed) policy, and ongoing legislative uncertainty influenced markets over this timeframe.

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 decreased the allocation to equities by 3.0 percentage points during the first half of the year due to rising equity valuations. At quarter end, the Fund's 69.7%[b] equity weighting (including 5.1% in preferred stocks) reflected our more positive outlook for total return potential from equities than from fixed income.

Equity Strategy

At Dodge & Cox, we approach each investment from the perspective of being a long-term part owner of a business and make gradual changes based on a three- to five-year investment horizon. Therefore, the equity portfolio has historically had low portfolio turnover. As a result of individual stock selection, the equity portfolio holds 63 common stocks across nine sectors; areas of emphasis are Financials, Health Care, and Information Technology.

During the volatility of 2016, we highlighted how the financial services holdings in the equity portfolio were trading at inexpensive valuations despite their asset growth, improved credit quality, cost reductions, and capital return prospects. Since then, however, share prices have risen and we have trimmed a number of positions, including Bank of America and Bank of New York Mellon.[c]

While we have trimmed Financials and certain other holdings amid higher U.S. equity market valuations, we continue to find areas of value offering long-term investment opportunities. For example, we recently added to several Health Care holdings, including AstraZeneca, and Energy companies in the portfolio.

AstraZeneca

AstraZeneca, which is based in the United Kingdom, is a global pharmaceutical company with strengths in treatments for cancer, respiratory illnesses, cardiovascular problems, and infectious diseases. In the second half of 2016, the share price was under pressure due to concerns about recent and upcoming patent expirations for several of its major drugs. Despite this headwind, we added to this holding in early 2017 after reaffirming our investment thesis.

The company's long-term growth outlook is favorable given its robust new drug pipeline, particularly in oncology (cancer treatment). AstraZeneca has an attractive position in the revolutionary field of cancer immunotherapy, which harnesses the disease-fighting capabilities of the body's immune system to attack cancerous tumors. We have conducted extensive due diligence, which included industry conferences and management meetings, and we continue to believe the immuno-oncology (IO) field holds great promise. Since the IO market is in its very early stages, sponsors and the scientific community are investing heavily into understanding which tumors can be targeted with IO and which patients will be most responsive to IO treatments (i.e., biomarkers). We think the field will evolve rapidly over the next five to ten years as physicians develop a better understanding of how these drugs work, creating a massive revenue and profit opportunity. With a 4.3% dividend yield, the current valuation is reasonable at 17 times forward earnings and does not appear to reflect potential success from the immunotherapy drug pipeline. AstraZeneca represented 1.9% of the equity portfolio on June 30.

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

b Unless otherwise specified, all weightings and characteristics are as of June 30, 2017.

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

Energy

Oil prices dropped 16% over the past six months, weighing heavily on the outlook for profitability and growth in the Energy sector. While the short-term direction of oil prices is difficult to forecast, we believe the long-term fundamentals of supply and demand point to higher prices. The current demand for oil, which is about 98 million barrels a day, continues to grow about one percent per year, driven by growing transportation demand in the developing world. Oil fields deplete as the resource is extracted, reducing the global production base about two to three percent per year, so continuing investment is required to meet current demand and to prepare for future demand growth. We anticipate that 15 to 20 million barrels per day of additional production will be needed over the next five years to meet demand if these trends continue. However, upstream capital investment has declined to a 10-year low, fewer new projects are being approved, and North American unconventional resources (including shale) are unlikely to grow enough to bridge this eventual gap.

The equity portfolio remains modestly overweight the Energy sector (7.1% compared to 6.0% for the S&P 500). Amid depressed valuations for energy companies, we recently added to selected holdings, including Anadarko Petroleum (an independent oil and gas exploration and production company) and Schlumberger (the world's leading provider of oil services for drilling, production, and processing), among other holdings.

Fixed Income Strategy

After a particularly dynamic year of valuation shifts and corresponding changes to portfolio positioning in 2016, the first six months of 2017 have been substantially less active. The portfolio continues to feature substantial positions in corporate bonds (40%) and Agency[d] MBS (32%) and smaller positions in government-related securities (6%), ABS (3%), and U.S. Treasuries (19%, which is roughly half the Bloomberg Barclays U.S. Aggregate Bond Index's (Bloomberg Barclays U.S. Agg) weighting). We have also maintained a defensive duration[e] position, roughly 73% of the Bloomberg Barclays U.S. Agg's duration, given our longer-term expectations for interest rates to rise more than currently implied by market valuations.

Opportunistic Reductions to Credit, But Credit Remains Attractive

The portfolio's credit[f] weighting remained relatively stable during the first half of 2017, although there were changes in credit composition during the period. The year-long recovery in investor sentiment regarding commodity-related and emerging market issuers provided attractive opportunities to trim Cemex, Kinder Morgan, and Rio Oil Finance Trust. We similarly capitalized on the overall improvement in market valuations to reduce exposure to credits facing secular headwinds or transformational risk, such as Macy's and Verizon. Notwithstanding the broader compression in credit spreads, we remained opportunistic in evaluating new additions for the credit portfolio. We added to the portfolio's TransCanada position through the purchase of a new subordinated security. We also invested in short-duration Ford Motor Credit securities, which we believe offer attractive relative value compared to other alternatives in the intermediate portion of the market.

The portfolio's taxable municipal holdings continued to perform well, particularly the State of Illinois general obligation (GO) bonds (a 1.3% position) which have outperformed over the past six months, despite recent volatility. The State passed a budget in July following a two-year impasse between the Republican governor and the Democrat-controlled General Assembly. The recent budget compromise included permanent income tax increases and spending reductions, both of which are credit positives. Taxable municipal securities remain a relatively small portion of the portfolio (4%) but offer attractive diversification benefits and better downside protection compared to corporate alternatives.

Reducing Interest Rate Risk

We continue to position the fixed income portfolio defensively vis-à-vis interest rate risk, with a duration that is 73% of the Bloomberg Barclays U.S. Agg's duration. We expect U.S. economic growth to continue at an annual rate of 2% or slightly higher. Despite marginally reduced optimism regarding the Trump administration's ability to implement its full agenda of regulatory reforms, tax reforms, and substantial fiscal stimulus, some success is likely to be achieved, which should support further U.S. economic growth. In addition, inflation measures are likely to firm amid a tight labor market. The combination of these factors should allow the Fed to continue its gradual hiking cycle and eventually begin to reduce its balance sheet, which should contribute to rising rates over our investment horizon.

IN CLOSING

Since U.S. equity valuations are now near recent highs, we have adopted a tempered outlook for broader U.S. equity market returns. However, as an active manager with a value-oriented approach, we remain optimistic about the long-term prospects for the Fund to preserve and enhance purchasing power. On June 30, the portfolio's equity holdings collectively traded at 15.4 times forward earnings, a discount to the S&P 500, which traded at 18.6 times forward earnings.

In fixed income, yields remain low by historical standards, increasing the risk of low (or even negative) returns if yields rise substantially from current levels. In addition, the credit markets have performed extremely well over the past 16 months,

d 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.

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

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

a pace which is unlikely to be repeated in the near future. Notwithstanding somewhat challenged absolute return prospects in the near term, bonds serve a vital defensive role in the Fund by offering liquidity, income generation, downside protection, and low correlation to riskier asset classes.

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

July 31, 2017

DODGE & COX FUNDS®

June 30, 2017

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.

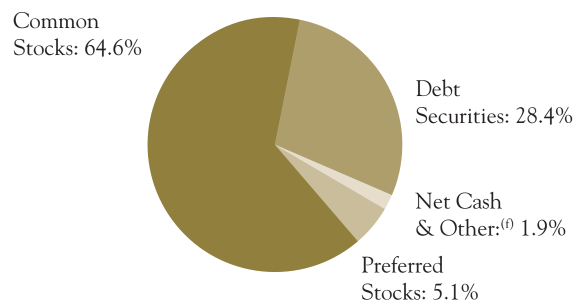
GENERAL INFORMATION

Net Asset Value Per Share	$106.18
Total Net Assets (billions)	$15.9
Expense Ratio	0.53%
Portfolio Turnover Rate (1/1/17 to 6/30/17, unannualized)	10%
30-Day SEC Yield[a]	1.74%
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 (69.7%)	Fund
Number of Common Stocks	**63**
Number of Preferred Stocks	**5**
Median Market Capitalization (billions)[b]	**$41**
Price-to-Earnings Ratio[b][c]	**15.4x**
Foreign Securities not in the S&P 500[d]	**6.8%**

FIVE LARGEST SECTORS(%)	Common	Preferred	Fund
Financials	18.6	4.7	**23.3**
Health Care	13.0	–	**13.0**
Information Technology	11.5	–	**11.5**
Consumer Discretionary	10.5	0.4	**10.9**
Energy	4.9	–	**4.9**

TEN LARGEST EQUITIES(%)[e]	Common	Preferred	Fund
Wells Fargo & Co.	2.5	1.6	**4.1**
JPMorgan Chase & Co.	1.6	1.7	**3.3**
Bank of America Corp.	2.5	0.5	**3.0**
Charles Schwab Corp.	2.6	–	**2.6**
Capital One Financial Corp.	2.4	–	**2.4**
Novartis AG (*Switzerland*)	2.1	–	**2.1**
Charter Communications, Inc.	2.0	–	**2.0**
Sanofi (*France*)	2.0	–	**2.0**
Goldman Sachs Group, Inc.	1.9	–	**1.9**
Alphabet, Inc.	1.9	–	**1.9**

FIXED INCOME PORTFOLIO (28.4%)	Fund
Number of Credit Issuers	**48**
Effective Duration (years)	**4.4**

SECTOR DIVERSIFICATION (%)	Fund
U.S. Treasury[g]	**5.3**
Government-Related	**1.7**
Securitized	**10.1**
Corporate	**11.3**

CREDIT QUALITY (%)[h]	Fund
U.S. Treasury/Agency/GSE[g]	**14.4**
Aaa	**0.5**
Aa	**1.0**
A	**0.8**
Baa	**9.2**
Ba	**2.1**
B	**0.0**
Caa	**0.4**

FIVE LARGEST CREDIT ISSUERS (%)[e]	Fund
Bank of America Corp.	**0.6**
Petroleos Mexicanos	**0.5**
State of California GO	**0.5**
Charter Communications, Inc.	**0.5**
Telecom Italia SPA	**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) Data as presented excludes the Fund's position in Treasury futures contracts.
(h) 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 June 30, 2017	1 Year	3 Years	5 Years	10 Years	20 Years
Dodge & Cox Balanced Fund	20.01%	6.92%	12.73%	6.01%	8.52%
Combined Index	10.34	6.88	9.65	6.41	6.71

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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 1.6% for the second quarter of 2017, compared to 2.4% for the Combined Index[1] (a 60/40 blend of stocks and fixed income securities). For the six months ended June 30, 2017, the Fund had a total return of 5.4%, compared to 6.5% for the Combined Index.

INVESTMENT COMMENTARY

The U.S. equity market continued to climb during the second quarter: the S&P 500 reached an all-time high in mid-June and ended the period up 3%. For the first six months of 2017, the S&P 500 posted its strongest first half since 2013—up 9%. Solid U.S. corporate earnings combined with expectations of improved economic growth have boosted equity market returns and propelled U.S. equity valuations toward the high end of the historical range. U.S. bond markets also performed well during the second quarter as interest rates declined modestly and credit yield premiums narrowed.

While we have adopted a more tempered return outlook for the overall market, we remain optimistic about the long-term prospects for the Fund's equity portfolio, which is value oriented and trades at a discount to the market (15.4 times forward earnings compared to 18.6 times forward earnings for the S&P 500 on June 30).[2] As a result of individual stock selection, the equity portfolio holds 63 companies across nine sectors and has an emphasis on Financials, Health Care, and Information Technology.

Despite higher market valuations, we continue to find attractive long-term investment opportunities in equities. During the second quarter, we added to several Health Care holdings, including Express Scripts. We also recently added to various Energy holdings amid lower valuations.

In fixed income, investment-grade corporate bonds returned 2.5%[3] for the quarter, outperforming comparable-duration[4] Treasuries by 1.1 percentage points. Investors continued to display an appetite for risk assets as spreads on investment-grade corporate bonds tightened to their narrowest level since September 2014. Corporate issuance remained robust and new issue concessions were very modest as deals continued to be met with strong demand. Meanwhile, Agency[5] MBS returned 0.9% and performed roughly in line with comparable-duration Treasuries.

At quarter end, the Fund's 69.7% equity weighting (including 5.1% in preferred stocks) reflected our more positive outlook for total return potential from equities than from fixed income.

Looking forward, we continue to see evidence of higher economic growth, rising interest rates, and increasing corporate earnings. We believe the Fund is well positioned and remain optimistic about the long-term outlook for the equity and fixed income portfolios.

SECOND QUARTER PERFORMANCE REVIEW

The Fund underperformed the Combined Index by 0.9 percentage points during the quarter. While the Fund's higher allocation to equities had a positive impact, equity security selection detracted from relative results.

EQUITY PORTFOLIO[2]

- Returns from holdings in the Energy sector (down 15% compared to down 6% for the S&P 500 sector), combined with a higher average weighting (8% versus 6%), detracted from results. Anadarko Petroleum (down 27%), National Oilwell Varco (down 18%), and Schlumberger (down 15%) were particularly weak.
- The portfolio's holdings in the Information Technology sector (up 1% compared to up 4% for the S&P 500 sector) hindered relative performance.
- Returns from holdings in the Financials sector (up 2% compared to up 4% for the S&P 500 sector) hurt results. Key detractors included Capital One Financial (down 4%) and Goldman Sachs (down 3%).

FIXED INCOME PORTFOLIO

- Security selection within credit was positive as several non-U.S. domiciled holdings performed well, including BNP Paribas, Rio Oil Finance Trust, Royal Bank of Scotland, and Telecom Italia.
- The portfolio's overweight to corporate bonds and underweight to U.S. Treasuries added to relative returns.
- The portfolio's shorter relative duration (71%[6] of the Bloomberg Barclays U.S. Aggregate Bond Index duration) detracted from relative returns.

YEAR-TO-DATE PERFORMANCE REVIEW

The Fund underperformed the Combined Index by 1.1 percentage points year to date. While the Fund's higher allocation to equities had a positive impact, equity security selection detracted from relative results.

EQUITY PORTFOLIO

- The portfolio's average overweight position (29% versus 14%) and holdings in the Financials sector (up 4% compared to up 7% for the S&P 500 sector) hurt relative performance. Goldman Sachs (down 7%) and Capital One Financial (down 4%) lagged.
- Poor returns from holdings in the Energy sector (down 21% compared to down 13% for the S&P 500 sector), combined with a higher average weighting (8% versus 7%), detracted from results.
- Information Technology was the strongest area of the market (up 17% for the S&P 500 sector), boosted by several large stocks not held in the portfolio. The performance of the portfolio's holdings in the sector (up 12%) was modest in comparison.

FIXED INCOME PORTFOLIO

- Security selection within credit was positive as certain emerging market-domiciled holdings performed well, including Cemex, Pemex, and Rio Oil Finance Trust. Other notable outperformers included Royal Bank of Scotland and Telecom Italia.
- 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 Agency MBS holdings outperformed the MBS in the Bloomberg Barclays U.S. Agg after adjusting for duration differences.
- The portfolio's shorter relative duration (70% of the Bloomberg Barclays U.S. Agg's duration) detracted from relative returns.
- Certain corporate holdings underperformed, including Macy's and Verizon.

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 Excludes the Fund's preferred stock positions.

3 Sector returns as calculated and reported by Bloomberg.

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

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