



2016

Semi-Annual Report
June 30, 2016

Balanced Fund

ESTABLISHED 1931

TICKER: DDBX

TO OUR SHAREHOLDERS

MARKET COMMENTARY

During the first half of 2016, global equity markets were volatile and the U.S. equity market emerged as one of the best performing developed markets. In January and February, concerns about China's economic outlook, low oil prices, and the trajectory of the global economy led to a steep decline in equity prices. The U.S. market rebounded sharply and was approaching an all-time high until the United Kingdom voted on June 23 to leave the European Union ("Brexit"), triggering a "flight to safety." Following the vote, global equity markets declined sharply, U.S. government bonds rallied, and the U.S. dollar strengthened significantly against several major currencies, especially the British pound. The S&P 500 subsequently recovered to end the first half of the year up 4%.

U.S. bond markets performed well in the first half of 2016 as interest rates declined by 45-80 basis points^(a) and credit yield premiums^(b) narrowed. Investment-grade corporate bonds substantially outperformed comparable-duration^(c) Treasuries for the first half of the year (7.7%^(d) return, representing outperformance of 1.2 percentage points) as improved risk appetite and higher yields boosted demand for the sector. Robust corporate issuance (largely acquisition-related, a continuing theme) was readily absorbed by investors. Agency-guaranteed^(e) MBS returned 3.1% and slightly underperformed comparable-duration Treasuries.

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 increased the allocation to equities by 1.8 percentage points during the first half of the year (including a 1.2% increase in the allocation to preferred stocks) due to reasonable equity valuations and concerns about the total return prospects for fixed income.

Equity Strategy

As part of our investment process, our portfolio managers and global industry analysts often step back and ask, "If we were starting from scratch, would we still own the same securities?" Using this framework, we revisited and retested our thinking on many of the equity portfolio's holdings and concluded that recent market conditions have created long-term investment opportunities in many economically sensitive companies, such as Financials.

As a result of this process, we reaffirmed our conviction and recently added to selected holdings, including American Express, Bank of America, Goldman Sachs, and MetLife.^(f) With potentially weaker global growth prospects and low interest rates, the financial services holdings in the equity portfolio trade at inexpensive valuations. However, banks are expanding lending across various categories and credit quality has increased over the last five years. Additionally, many of these companies now have capital ratios that are meaningfully higher than they were prior to the global financial crisis. We believe reasonable earnings growth is possible with no change in the interest rate environment. However, interest rates are at historically low levels, and if they

were to rise (or simply stop falling), profitability within the Financials sector would increase. Two of the equity portfolio's holdings, Bank of America and Goldman Sachs, are highlighted below.

Bank of America

The largest bank in the United States by deposits, Bank of America has leading positions in the lines of business that comprise the majority of its revenues, including consumer banking and wealth management. Since the financial crisis, Bank of America has gained market share in its core businesses and navigated ever tougher regulatory requirements, while increasing capital and liquidity. As a part of its restructuring plan, management has simplified the business, reduced expenses, and implemented a more customer-focused strategy. Longer term, improved fundamentals and potential cyclical tailwinds (e.g., additional loan growth, higher rates, increased capital markets activity) could produce a significantly higher return on assets, as well as multiple expansion, dividend increases, and/or share repurchases. We added to the equity portfolio's common stock position in Bank of America, which comprised 3.0%^(g) of the equity portfolio on June 30.

Goldman Sachs

Goldman Sachs (a 2.4% position in the equity portfolio) is a leading global investment bank, securities broker, and investment manager that provides financial services to a diversified client base that includes corporations, financial institutions, governments, and high-net-worth individuals. Since the financial crisis, Goldman Sachs has deleveraged its balance sheet, shed risky assets, and increased its liquidity. As European competitors (e.g., Credit Suisse, Royal Bank of Scotland, UBS) continue to cut costs and retreat from investment banking, Goldman has an opportunity to further increase its market share in many key businesses. While regulatory requirements have increased, this should reduce the probability of large trading losses. Finally, although market turns can be sudden and difficult to predict, Goldman Sachs has demonstrated an ability to remain profitable: over the past 16 quarters, its return on common equity has averaged an impressive 10%.

Continuing macroeconomic uncertainty has led to diminished primary debt and equity issuance and weaker secondary market trading conditions. Many of Goldman Sachs' key clients, such as hedge funds and active asset managers, are experiencing net asset outflows. In this period of slower activity, the company has maintained its global network while downsizing naturally through attrition. The weak operating environment and concerns about Brexit have weighed on the stock, which was down 17% during the first half of 2016. However, after carefully analyzing the company's risks and opportunities, we recently added to Goldman Sachs because it is an increasingly dominant player, has a highly profitable business, and trades at an attractive 0.9 times tangible book value.

Maintaining a Diversified Portfolio

In addition to Financials, we significantly increased the equity portfolio's holdings in AstraZeneca, a UK-domiciled global pharmaceutical company, and Charter Communications, a U.S. cable telecommunications company that recently merged with Time Warner Cable. We also initiated several new holdings in the equity portfolio, including Anadarko Petroleum (a U.S.-based independent oil and gas exploration and production company with international operations) and Union Pacific (a U.S. railroad covering 23 western states).

Fixed Income Strategy

Bond investors are currently facing numerous uncertainties. How is slower economic growth globally likely to impact the United States, both in economic and Fed policy terms? Could the United States join other global developed nations in seeing government bond yields go negative? What does the Brexit vote mean for the UK and European economies and their governments? These (and other) developments have created heightened market volatility in recent times. It is natural to seek an understanding of how the fixed income portfolio is positioned for these uncertainties. The short answer is that, while we certainly incorporate these risks in our discussion and analysis, we seek to construct a portfolio that, in our view, is likely to perform well across a variety of market environments and over an extended investment horizon. We have historically used periods of uncertainty as opportunities, leaning into more volatile market environments if our research leads us to conclude that an investment's valuation more than fully compensates for the related risks. We also pare back holdings in times of greater market confidence as valuations become fuller.

The fixed income investment strategy remained consistent over the first half of 2016. As of June 30, we held 55% in "credit"^(b) investments. These were predominantly corporate bonds, plus 7% in government-related securities and 2% in Rio Oil, an asset-backed security that we group as a credit investment. We also held 34% in Agency MBS and 9% in Treasury securities, which together provide an important liquidity layer.

We adjusted the portfolio's credit holdings during the first half, selectively adding early in the year when yield premiums widened to levels last seen in June 2012 and later trimming certain holdings in the wake of the corporate rally in the second quarter. Two notable additions to the portfolio were Dell-EMC, one of the largest information technology companies in the world, that came to market in May with \$20 billion in secured notes, and Anheuser-Busch InBev, the world's largest brewer, which issued \$46 billion of A-rated notes in January. Both of these companies have powerful scale in their respective industries and came to market with attractively priced investment grade issues.

We continue to position the portfolio with less interest rate exposure than the Barclays U.S. Aggregate Bond Index (Barclays U.S. Agg). The portfolio's effective duration, at 4.0 years, is roughly 73% of the Barclays U.S. Agg's duration and has remained fairly constant (between 4.0 years and 4.1 years) for the past twelve months. We continue to be concerned about the absolute

level of interest rates (the 10-year U.S. Treasury hit 1.44% in late June, its lowest level in four years) given scant income compensation available to offset even a small rise in interest rates from today's very low starting yields.

IN CLOSING

While many investors focus on current market volatility, it is important to recognize there is always uncertainty when investing. Our experience through similar and even more volatile periods in the past reminds us that the best investment opportunities often arise in periods of uncertainty and trepidation. We seek to capitalize on these opportunities through our bottom-up research process and multi-year time horizon which provide us with the fortitude to stay with our convictions, even in periods of volatility or portfolio underperformance.

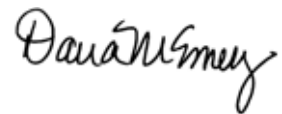
We remain optimistic about the long-term outlook for the equity portfolio. The Fund's common stock holdings collectively traded at 13 times forward earnings on June 30, a substantial discount to the S&P 500's 18 times forward earnings. In fixed income, bond market yields remain very low relative to longer-term history. Given these low starting yields and the potential for interest rates to rise, we encourage shareholders to temper near-term total return expectations. Nevertheless, the fixed income portfolio continues to provide an important source of diversification, liquidity, income, and downside protection for the Fund.

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 29, 2016

^(a) One basis point = 1/100th of 1%.

^(b) 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.

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

^(d) Sector returns as calculated and reported by Barclays.

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

^(g) Unless otherwise specified, all weightings and characteristics are as of June 30, 2016.

^(h) Credit securities refers to corporate bonds and government-related securities, as classified by Barclays.

YEAR-TO-DATE PERFORMANCE REVIEW

The Fund underperformed the Combined Index by 2.2 percentage points year to date. The Fund's higher allocation to equities had a negative impact on relative results.

Equity Portfolio

- Returns from holdings in the Financials sector (down 14% compared to down 3% for the S&P 500 sector), combined with a higher average weighting (26% versus 16%), significantly detracted from results.
- The portfolio's underweight position in the Utilities sector (no holdings versus 3% in the S&P 500 sector) hurt results because this sector (up 24%) outperformed the market.
- The portfolio's holdings in the Consumer Discretionary sector (up 9% compared to up 1% for the S&P 500 sector) contributed to results.
- Returns from holdings in the Information Technology sector (up 5% compared to flat for the S&P 500 sector) helped results. Symantec (up 23%) and Hewlett Packard Enterprise (up 21%) performed well.

Fixed Income Portfolio

- The portfolio's shorter relative duration (approximately 70% of the Barclays U.S. Agg's duration) hampered relative returns.
- The portfolio's overweight to the Financial Institutions sub-sector and issue-specific performance detracted from relative returns. Several UK banks underperformed, including Barclays, HSBC, and Royal Bank of Scotland.
- Credit security selection was positive as several commodity-related holdings performed well, including Cemex, Kinder Morgan, Pemex, Petrobras, Rio Oil Finance Trust, and Teck Resources.
- The portfolio's overweight to the Industrial sub-sector added to relative returns.

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

KEY CHARACTERISTICS OF DODGE & COX

Independent Organization

Dodge & Cox is one of the largest privately owned investment managers in the world. We remain committed to independence, with a goal of providing the highest quality investment management service to our existing clients.

Over 85 Years of Investment Experience

Dodge & Cox was founded in 1930. We have a stable and well-qualified team of investment professionals, most of whom have spent their entire careers at Dodge & Cox.

Experienced Investment Team

The Investment Policy Committee, which is responsible for determining the asset allocation of the Balanced Fund and managing the equity portion of the Balanced Fund, is an eight-member committee with an average tenure at Dodge & Cox of 23 years. The Fixed Income Investment Policy Committee, which is responsible for managing the debt portion of the Balanced Fund, is an eight-member committee with an average tenure of 21 years.

One Business with a Single Research Office

Dodge & Cox manages equity (domestic, international, and global), fixed income (domestic and global), and balanced investments, operating from one office in San Francisco.

Consistent Investment Approach

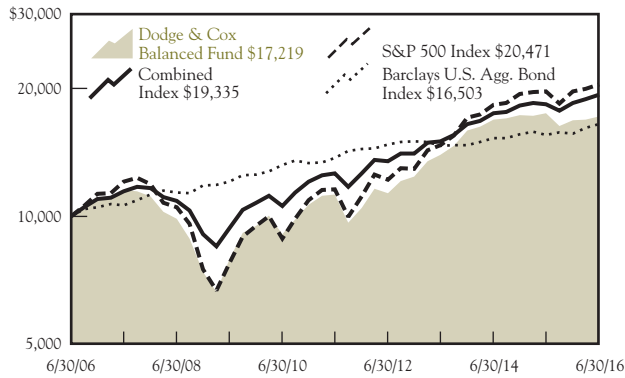
Our team decision-making process involves thorough, bottom-up fundamental analysis of each investment.

Long-Term Focus and Low Expenses

We invest with a three- to five-year investment horizon, which has historically resulted in low turnover relative to our peers. We manage Funds that maintain low expense ratios.

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 an 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. A low interest rate environment creates an elevated risk of future negative returns. Financial intermediaries may restrict their market making activities for certain debt securities, which may reduce the liquidity and increase the volatility of such securities. Please read the prospectus and summary prospectus for specific details regarding the Fund's risk profile.

**GROWTH OF \$10,000 OVER 10 YEARS
FOR AN INVESTMENT MADE ON JUNE 30, 2006**



**AVERAGE ANNUAL TOTAL RETURN
FOR PERIODS ENDED JUNE 30, 2016**

	1 Year	5 Years	10 Years	20 Years
Dodge & Cox Balanced Fund	-1.68%	8.89%	5.58%	8.62%
S&P 500 Index	4.02	12.11	7.43	7.87
Barclays U.S. Aggregate Bond Index (Barclays U.S. Agg)	6.04	3.77	5.14	5.68
Combined Index ^(a)	5.09	8.91	6.82	7.32

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. Performance is updated and published monthly. Visit the Fund's website at dodgeandcox.com or call 800-621-3979 for current performance figures.

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.

Standard & Poor's, Standard & Poor's 500, and S&P 500® are trademarks of S&P Global Inc. Barclays® is a trademark of Barclays Bank PLC.

^(a) 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 Barclays U.S. Aggregate Bond Index (Barclays U.S. Agg), 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.

FUND EXPENSE EXAMPLE

As a Fund shareholder, you incur ongoing Fund costs, including management fees and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The following example shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The example assumes a \$1,000 investment held for the six months indicated.

ACTUAL EXPENSES

The first line of the table below provides information about actual account values and expenses based on the Fund's actual returns. You may use the information in this line, together with your account balance, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON WITH OTHER MUTUAL FUNDS

Information on the second line of the table can help you compare ongoing costs of investing in the Fund with those of other mutual funds. This information may not be used to estimate the actual ending account balance or expenses you paid during the period. The hypothetical "Ending Account Value" is based on the actual expense ratio of the Fund and an assumed 5% annual rate of return before expenses (not the Fund's actual return). The amount under the heading "Expenses Paid During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other mutual funds.

Six Months Ended June 30, 2016	Beginning Account Value 1/1/2016	Ending Account Value 6/30/2016	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$1,023.30	\$2.67
Based on Hypothetical 5% Yearly Return	1,000.00	1,022.23	2.66

* Expenses are equal to the Fund's annualized expense ratio of 0.53%, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period).

The expenses shown in the table highlight ongoing costs only and do not reflect any transactional fees or account maintenance fees. Though other mutual funds may charge such fees, please note that the Fund does not charge transaction fees (e.g., redemption fees, sales loads) or universal account maintenance fees (e.g., small account fees).

GENERAL INFORMATION

Net Asset Value Per Share	\$94.17
Total Net Assets (billions)	\$13.9
Expense Ratio	0.53%
Portfolio Turnover Rate (1/1/16 to 6/30/16, unannualized)	14%
30-Day SEC Yield ^(a)	2.12%
Fund Inception	1931
<i>No sales charges or distribution fees</i>	

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.

EQUITY PORTFOLIO (72.0%)	Fund
Number of Common Stocks	62
Number of Preferred Stocks	5
Median Market Capitalization (billions) ^(b)	\$38
Price-to-Earnings Ratio ^{(b)(c)}	13.1x
Foreign Securities not in the S&P 500 ^(d)	6.4%

SECTOR DIVERSIFICATION (%)

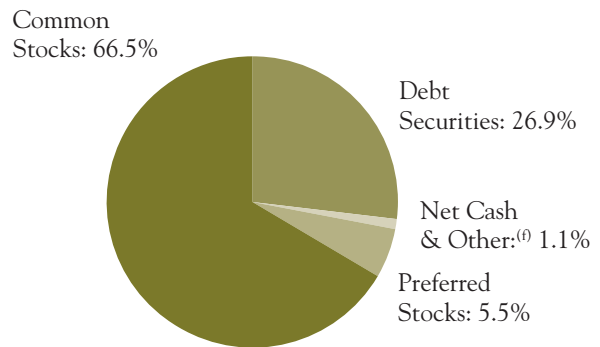
(FIVE LARGEST)

	Common	Preferred	Total
Financials	17.4	5.1	22.5
Information Technology	15.0	—	15.0
Health Care	11.8	—	11.8
Consumer Discretionary	10.3	0.4	10.7
Energy	5.8	—	5.8

TEN LARGEST EQUITY

SECURITIES (%) ^(e)	Common	Preferred	Total
Wells Fargo & Co.	2.4	1.8	4.2
JPMorgan Chase & Co.	1.4	1.9	3.3
Bank of America Corp.	2.2	0.5	2.7
Capital One Financial Corp.	2.4	—	2.4
Hewlett Packard Enterprise Co.	2.2	—	2.2
Comcast Corp.	2.0	—	2.0
Charles Schwab Corp.	2.0	—	2.0
Novartis AG (Switzerland)	2.0	—	2.0
Time Warner, Inc.	2.0	—	2.0
Charter Communications, Inc.	1.9	—	1.9

ASSET ALLOCATION



FIXED INCOME PORTFOLIO (26.9%)	Fund
Number of Credit Issuers	54
Effective Duration (years)	4.0

SECTOR DIVERSIFICATION (%)

U.S. Treasury ^(g)	2.5
Government-Related	1.9
Mortgage-Related ^(h)	9.1
Corporate	12.5
Asset-Backed	0.9

CREDIT QUALITY (%)⁽ⁱ⁾

U.S. Treasury/Agency/GSE ^(g)	11.7
Aaa	0.4
Aa	0.8
A	0.9
Baa	9.9
Ba	1.8
B	1.4

FIVE LARGEST CREDIT ISSUERS (%)^(e)

Kinder Morgan, Inc.	0.6
Charter Communications, Inc.	0.6
Rio Oil Finance Trust	0.6
State of California GO	0.5
Verizon Communications, Inc.	0.5

^(a) SEC Yield is an annualization of the Fund's total net investment income per share for the 30-day period ended on the last day of the month.

^(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 short-term investments (e.g., money market funds and repurchase agreements) and other assets less liabilities (e.g., cash, receivables, payables, and unrealized appreciation/depreciation on certain derivatives).

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

^(h) The fixed income portfolio holds 0.6% 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 Barclays 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.

COMMON STOCKS: 66.5%

	SHARES	VALUE
CONSUMER DISCRETIONARY: 10.3%		
AUTOMOBILES & COMPONENTS: 0.3%		
Harley-Davidson, Inc.	1,103,400	\$ 49,984,020
CONSUMER DURABLES & APPAREL: 0.5%		
Coach, Inc.	1,655,036	67,426,167
MEDIA: 7.9%		
Charter Communications, Inc., Class A ^(a)	1,182,807	270,436,992
Comcast Corp., Class A	4,349,774	283,561,767
DISH Network Corp., Class A ^(a)	1,520,032	79,649,677
News Corp., Class A	1,068,050	12,122,367
Time Warner, Inc.	3,822,066	281,074,734
Twenty-First Century Fox, Inc., Class A	4,882,200	132,063,510
Twenty-First Century Fox, Inc., Class B	1,600,000	43,600,000
		1,102,509,047
RETAILING: 1.6%		
Liberty Interactive Corp. QVC Group, Series A ^(a)	2,224,650	56,439,371
Target Corp.	1,153,400	80,530,388
The Priceline Group, Inc. ^(a)	66,000	82,395,060
		219,364,819
		1,439,284,053
CONSUMER STAPLES: 1.5%		
FOOD & STAPLES RETAILING: 1.5%		
Wal-Mart Stores, Inc.	2,930,000	213,948,600
ENERGY: 5.8%		
Anadarko Petroleum Corp.	924,992	49,255,824
Apache Corp.	2,805,139	156,162,088
Baker Hughes, Inc.	3,407,579	153,784,040
Concho Resources, Inc. ^(a)	614,900	73,339,123
National Oilwell Varco, Inc.	3,279,000	110,338,350
Schlumberger, Ltd. (Curacao/United States)	2,926,221	231,405,557
Weatherford International PLC ^(a) (Ireland)	4,670,000	25,918,500
		800,203,482
FINANCIALS: 17.4%		
BANKS: 6.7%		
Bank of America Corp.	22,977,100	304,906,117
BB&T Corp.	2,674,584	95,241,936
JPMorgan Chase & Co.	3,049,900	189,520,786
Wells Fargo & Co.	7,113,606	336,686,972
		926,355,811
DIVERSIFIED FINANCIALS: 9.1%		
American Express Co.	3,060,275	185,942,309
Bank of New York Mellon Corp.	5,792,600	225,042,510
Capital One Financial Corp.	5,289,959	335,965,296
Charles Schwab Corp.	11,162,900	282,532,999
Goldman Sachs Group, Inc.	1,587,000	235,796,460
		1,265,279,574
INSURANCE: 1.6%		
AEGON NV (Netherlands)	12,487,827	50,076,187
MetLife, Inc.	4,447,000	177,124,010
		227,200,197
		2,418,835,582
HEALTH CARE: 11.8%		
HEALTH CARE EQUIPMENT & SERVICES: 4.7%		
Anthem, Inc.	264,226	34,703,443
Cigna Corp.	1,534,216	196,364,306
Express Scripts Holding Co. ^(a)	2,130,368	161,481,894
Medtronic PLC (Ireland)	575,200	49,910,104
UnitedHealth Group, Inc.	1,455,972	205,583,246
		648,042,993
PHARMACEUTICALS, BIOTECHNOLOGY & LIFE SCIENCES: 7.1%		
Alnylam Pharmaceuticals, Inc. ^(a)	270,681	15,020,089
AstraZeneca PLC ADR (United Kingdom)	3,617,600	109,215,344

	SHARES	VALUE
Merck & Co., Inc.	2,583,175	\$ 148,816,712
Novartis AG ADR (Switzerland)	3,409,900	281,350,849
Roche Holding AG ADR (Switzerland)	5,646,600	186,055,470
Sanofi ADR (France)	5,935,165	248,386,655
Thermo Fisher Scientific, Inc.	24,500	3,620,120
		992,465,239
		1,640,508,232
INDUSTRIALS: 3.6%		
CAPITAL GOODS: 0.5%		
Danaher Corp.	709,600	71,669,600
COMMERCIAL & PROFESSIONAL SERVICES: 0.7%		
Tyco International PLC (Ireland)	2,195,434	93,525,488
TRANSPORTATION: 2.4%		
FedEx Corp.	1,305,254	198,111,452
Union Pacific Corp.	1,555,000	135,673,750
		333,785,202
		498,980,290
INFORMATION TECHNOLOGY: 15.0%		
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT: 0.5%		
Maxim Integrated Products, Inc.	2,015,091	71,918,598
SOFTWARE & SERVICES: 5.8%		
Alphabet, Inc., Class A ^(a)	30,800	21,668,724
Alphabet, Inc., Class C ^(a)	311,895	215,862,529
Microsoft Corp.	5,242,900	268,279,193
Symantec Corp.	7,612,100	156,352,534
Synopsys, Inc. ^(a)	1,424,700	77,047,776
VMware, Inc. ^(a)	1,285,000	73,527,700
		812,738,456
TECHNOLOGY, HARDWARE & EQUIPMENT: 8.7%		
Cisco Systems, Inc.	6,981,100	200,287,759
Corning, Inc.	5,236,700	107,247,616
EMC Corp.	7,386,288	200,685,445
Hewlett Packard Enterprise Co.	16,437,512	300,313,344
HP Inc.	14,934,712	187,430,636
Juniper Networks, Inc.	260,129	5,850,301
NetApp, Inc.	4,156,491	102,208,114
TE Connectivity, Ltd. (Switzerland)	1,751,036	100,001,666
		1,204,024,881
		2,088,681,935
MATERIALS: 0.5%		
Celanese Corp., Series A	1,127,060	73,766,077
TELECOMMUNICATION SERVICES: 0.6%		
Sprint Corp. ^(a)	18,742,971	84,905,659
TOTAL COMMON STOCKS		
(Cost \$6,998,992,190)		\$ 9,259,113,910
PREFERRED STOCKS: 5.5%		
	PAR VALUE	VALUE
CONSUMER DISCRETIONARY: 0.4%		
MEDIA: 0.4%		
NBCUniversal Enterprise, Inc. 5.25% ^(c)	\$ 53,210,000	\$ 54,872,812
FINANCIALS: 5.1%		
BANKS: 5.1%		
Bank of America Corp. 6.10%	16,008,000	16,248,120
Bank of America Corp. 6.25%	52,470,000	53,288,532
Citigroup, Inc. 5.95%		
7/29/49	5,175,000	5,113,547
12/31/49	77,327,000	75,587,143
Citigroup, Inc. 6.25%	50,886,000	52,412,580
JPMorgan Chase & Co. 6.10%	254,565,000	262,520,156
Wells Fargo & Co. 5.875%	227,645,000	242,726,481
		707,896,559
TOTAL PREFERRED STOCKS		
(Cost \$739,143,927)		\$ 762,769,371

DEBT SECURITIES: 26.9%

	PAR VALUE	VALUE
U.S. TREASURY: 2.5%		
U.S. Treasury Note/Bond		
1.00%, 3/15/19	\$ 16,285,000	\$ 16,424,953
0.875%, 4/15/19	70,000,000	70,341,810
0.875%, 5/15/19	37,500,000	37,683,113
1.625%, 7/31/19	21,015,000	21,583,876
1.625%, 11/30/20	185,000	190,442
1.75%, 12/31/20	90,725,000	93,861,363
1.125%, 2/28/21	109,755,000	110,535,248
		<u>350,620,805</u>

GOVERNMENT-RELATED: 1.9%

FEDERAL AGENCY: 0.1%

Small Business Admin. — 504 Program		
Series 1996-20L 1, 6.70%, 12/1/16	32,251	32,710
Series 1997-20F 1, 7.20%, 6/1/17	102,139	103,753
Series 1997-20I 1, 6.90%, 9/1/17	177,004	181,741
Series 1998-20D 1, 6.15%, 4/1/18	206,595	214,804
Series 1998-20I 1, 6.00%, 9/1/18	189,200	197,270
Series 1999-20F 1, 6.80%, 6/1/19	213,371	224,746
Series 2000-20D 1, 7.47%, 4/1/20	844,126	902,297
Series 2000-20E 1, 8.03%, 5/1/20	161,360	171,739
Series 2000-20G 1, 7.39%, 7/1/20	383,243	403,425
Series 2000-20I 1, 7.21%, 9/1/20	225,598	237,997
Series 2001-20E 1, 6.34%, 5/1/21	692,822	751,403
Series 2001-20G 1, 6.625%, 7/1/21	645,764	702,954
Series 2003-20J 1, 4.92%, 10/1/23	2,770,299	3,007,752
Series 2007-20F 1, 5.71%, 6/1/27	3,398,765	3,864,146
		<u>10,996,737</u>

FOREIGN AGENCY: 0.8%

Corp. Nacional del Cobre de Chile (Chile)		
4.50%, 9/16/25 ^(c)	11,100,000	11,624,286
Petroleo Brasileiro SA (Brazil)		
4.375%, 5/20/23	29,800,000	24,203,560
6.25%, 3/17/24	4,225,000	3,758,983
Petroleos Mexicanos (Mexico)		
4.25%, 1/15/25	22,685,000	21,845,655
6.625%, 6/15/35	9,425,000	9,717,175
6.375%, 1/23/45	20,125,000	20,140,315
5.625%, 1/23/46	16,675,000	15,199,262
		<u>106,489,236</u>

LOCAL AUTHORITY: 1.0%

New Jersey Turnpike Authority RB		
7.414%, 1/1/40	3,350,000	5,256,317
7.102%, 1/1/41	12,436,000	18,808,579
State of California GO		
7.50%, 4/1/34	13,470,000	20,408,532
7.55%, 4/1/39	16,525,000	26,122,224
7.30%, 10/1/39	13,730,000	20,794,360
7.625%, 3/1/40	5,540,000	8,757,355
State of Illinois GO		
5.665%, 3/1/18	26,160,000	27,565,054
5.10%, 6/1/33	16,225,000	15,593,361
		<u>143,305,782</u>
		<u>260,791,755</u>

MORTGAGE-RELATED: 9.1%

FEDERAL AGENCY CMO & REMIC: 1.7%

Dept. of Veterans Affairs		
Series 1995-1 1, 7.241%, 2/15/25	355,103	405,466
Series 1995-2C 3A, 8.793%, 6/15/25	165,239	203,184
Series 2002-1 2J, 6.50%, 8/15/31	9,802,272	11,576,726
Fannie Mae		
Trust 2002-33 A1, 7.00%, 6/25/32	1,964,718	2,236,186
Trust 2009-66 ET, 6.00%, 5/25/39	3,808,080	4,150,792
Trust 2009-30 AG, 6.50%, 5/25/39	2,917,803	3,227,060

	PAR VALUE	VALUE
Trust 2001-T7 A1, 7.50%, 2/25/41	\$ 1,584,176	\$ 1,923,148
Trust 2001-T5 A3, 7.50%, 6/19/41	658,871	799,638
Trust 2001-T4 A1, 7.50%, 7/25/41	1,581,169	1,891,252
Trust 2001-T8 A1, 7.50%, 7/25/41	1,591,450	1,869,925
Trust 2001-W3 A, 6.687%, 9/25/41	1,074,695	1,226,456
Trust 2001-T10 A2, 7.50%, 12/25/41	1,383,833	1,650,847
Trust 2013-106 MA, 4.00%, 2/25/42	10,647,674	11,603,643
Trust 2002-W6 2A1, 6.247%, 6/25/42	1,610,804	1,923,602
Trust 2002-W8 A2, 7.00%, 6/25/42	2,111,373	2,451,294
Trust 2003-W2 1A1, 6.50%, 7/25/42	3,379,049	4,008,445
Trust 2003-W2 1A2, 7.00%, 7/25/42	1,288,514	1,554,520
Trust 2003-W4 4A, 6.922%, 10/25/42	1,665,636	1,956,885
Trust 2012-121 NB, 7.00%, 11/25/42	2,831,476	3,344,453
Trust 2013-98 FA, 1.003%, 9/25/43	10,193,244	10,290,657
Trust 2004-T1 1A2, 6.50%, 1/25/44	2,050,201	2,486,092
Trust 2004-W2 5A, 7.50%, 3/25/44	3,886,076	4,514,366
Trust 2004-W8 3A, 7.50%, 6/25/44	630,670	754,101
Trust 2005-W4 1A2, 6.50%, 8/25/45	5,978,005	7,182,782
Trust 2009-11 MP, 7.00%, 3/25/49	5,880,040	6,860,883
Freddie Mac		
Series 1078 GZ, 6.50%, 5/15/21	112,590	116,784
Series 16 PK, 7.00%, 8/25/23	2,138,779	2,376,852
Series T-48 1A4, 5.538%, 7/25/33	30,218,690	34,588,954
Series 314 F2, 1.052%, 9/15/43	21,579,893	21,584,195
Series T-51 1A, 6.50%, 9/25/43	198,345	237,823
Series T-59 1A1, 6.50%, 10/25/43	10,621,241	12,862,014
Series 4281 BC, 4.50%, 12/15/43	73,008,263	80,988,577
		<u>242,847,602</u>

FEDERAL AGENCY MORTGAGE PASS-THROUGH: 7.4%

Fannie Mae, 15 Year		
3.50%, 12/1/29	10,685,791	11,329,560
4.50%, 1/1/25-1/1/27	16,641,705	17,887,449
6.00%, 7/1/16-3/1/22	1,519,046	1,563,772
6.50%, 9/1/16-11/1/18	994,479	1,009,033
7.00%, 11/1/18	64,125	65,113
7.50%, 12/1/16-8/1/17	62,130	62,730
Fannie Mae, 20 Year		
3.50%, 6/1/35	24,787,640	26,212,800
4.00%, 11/1/30-1/1/36	54,493,214	59,000,994
4.50%, 1/1/31-5/1/32	55,396,869	60,678,723
Fannie Mae, 30 Year		
4.00%, 7/1/46	36,434,407	38,228,281
4.50%, 1/1/39-4/1/46	112,993,375	124,111,716
5.50%, 7/1/33-8/1/37	16,518,002	18,758,178
6.00%, 9/1/36-8/1/37	21,940,978	25,436,401
6.50%, 12/1/28-8/1/39	24,872,939	29,286,170
7.00%, 4/1/37-8/1/37	7,760,235	9,153,735
Fannie Mae, Hybrid ARM		
2.237%, 12/1/34	1,959,954	2,021,710
2.272%, 9/1/34	1,331,167	1,389,669
2.34%, 1/1/35	2,695,023	2,798,622
2.44%, 8/1/35	1,674,485	1,758,402
2.539%, 1/1/35	1,564,528	1,638,512
2.552%, 11/1/43	7,981,754	8,294,475
2.665%, 8/1/38	4,121,721	4,362,895
2.681%, 1/1/46	25,935,382	26,867,911
2.701%, 4/1/44	18,263,577	18,919,696
2.823%, 12/1/44	18,515,751	19,330,990
2.824%, 11/1/44	28,984,207	30,202,292
2.839%, 12/1/45	29,037,987	30,173,915
2.955%, 9/1/45	6,567,491	6,817,431
3.285%, 6/1/41	16,059,643	16,986,245
3.288%, 12/1/41	40,805,814	42,841,953
3.571%, 12/1/40	6,200,969	6,520,087
3.759%, 11/1/40	2,760,898	2,921,935
4.295%, 7/1/39	2,868,360	3,025,536

DEBT SECURITIES (continued)

	PAR VALUE	VALUE		PAR VALUE	VALUE
5.576%, 5/1/37	\$ 1,440,035	\$ 1,521,340	Barclays PLC (United Kingdom)		
6.35%, 9/1/36	421,919	429,282	4.375%, 9/11/24	\$ 23,275,000	\$ 22,511,301
Fannie Mae, Multifamily DUS			BNP Paribas SA (France)		
Trust 2014-M9 ASQ2, 1.462%, 4/25/17	5,180,755	5,192,301	4.25%, 10/15/24	31,175,000	32,073,058
Pool AL8144, 2.363%, 10/1/22	16,723,637	17,327,471	4.375%, 9/28/25 ^(c)	10,100,000	10,246,702
Freddie Mac, Hybrid ARM			Boston Properties, Inc.		
2.554%, 9/1/37	1,409,813	1,502,405	3.85%, 2/1/23	7,800,000	8,350,079
2.569%, 10/1/35	2,645,851	2,799,085	3.125%, 9/1/23	17,550,000	18,046,928
2.606%, 8/1/42	12,120,523	12,504,888	Capital One Financial Corp.		
2.66%, 10/1/38	2,134,465	2,252,140	3.50%, 6/15/23	42,579,000	44,037,246
2.699%, 4/1/37	2,587,881	2,734,936	4.20%, 10/29/25	6,175,000	6,351,241
2.768%, 10/1/45	14,886,039	15,398,322	Centene Corp.		
2.812%, 10/1/45	15,966,791	16,527,394	6.375%, 6/1/17	13,275,000	13,656,656
2.943%, 5/1/44	2,892,018	3,004,002	Cigna Corp.		
2.965%, 5/1/44	20,002,637	20,809,597	7.875%, 5/15/27	21,888,000	30,295,203
2.969%, 6/1/44	5,362,151	5,571,302	8.30%, 1/15/33	8,845,000	12,396,913
3.095%, 2/1/38	6,806,224	7,259,271	Citigroup, Inc.		
3.138%, 6/1/44	6,963,310	7,231,817	6.692%, 10/30/40 ^(b)	35,830,925	37,393,153
3.177%, 5/1/34	2,948,786	3,127,770	Equity Residential		
3.593%, 10/1/41	1,904,738	2,001,078	3.00%, 4/15/23	14,775,000	15,176,023
5.834%, 7/1/38	452,709	482,930	HSBC Holdings PLC (United Kingdom)		
6.115%, 1/1/38	640,085	682,114	5.10%, 4/5/21	3,625,000	4,000,249
Freddie Mac Gold, 15 Year			4.30%, 3/8/26	4,600,000	4,880,752
4.00%, 3/1/25-11/1/26	42,556,692	45,326,884	6.50%, 5/2/36	23,190,000	27,737,327
4.50%, 9/1/24-9/1/26	11,524,519	12,393,216	6.50%, 9/15/37	15,315,000	18,502,450
6.00%, 2/1/18	165,327	167,866	JPMorgan Chase & Co.		
6.50%, 3/1/17-9/1/18	461,477	467,534	8.75%, 9/1/30 ^(b)	23,042,000	33,717,382
Freddie Mac Gold, 20 Year			Lloyds Banking Group PLC		
4.50%, 4/1/31-6/1/31	13,059,852	14,347,195	(United Kingdom)		
6.50%, 10/1/26	4,776,751	5,539,555	4.50%, 11/4/24	19,575,000	19,867,216
Freddie Mac Gold, 30 Year			4.65%, 3/24/26	7,100,000	7,193,102
4.50%, 9/1/41-11/1/45	134,341,440	146,981,137	Navient Corp.		
5.50%, 12/1/37	883,191	983,578	6.00%, 1/25/17	14,285,000	14,463,562
6.00%, 2/1/39	2,459,039	2,817,113	4.625%, 9/25/17	9,550,000	9,621,625
6.50%, 12/1/32-4/1/33	7,135,666	8,506,406	8.45%, 6/15/18	15,755,000	17,035,094
7.00%, 11/1/37-9/1/38	6,274,872	7,322,409	Royal Bank of Scotland Group PLC		
7.47%, 3/17/23	107,743	118,576	(United Kingdom)		
7.75%, 7/25/21	293,102	315,266	6.125%, 12/15/22	48,416,000	50,780,783
Ginnie Mae, 30 Year			6.00%, 12/19/23	3,250,000	3,303,680
7.50%, 11/15/24-10/15/25	833,782	969,792	Unum Group		
7.97%, 4/15/20-1/15/21	353,020	378,029	7.19%, 2/1/28	8,305,000	9,940,479
		1,024,650,932	7.25%, 3/15/28	2,030,000	2,504,833
		1,267,498,534	6.75%, 12/15/28	11,368,000	13,385,217
ASSET-BACKED: 0.9%			Wells Fargo & Co.		
AUTO LOAN: 0.1%			4.30%, 7/22/27	17,460,000	18,844,491
Ford Credit Auto Owner Trust					557,975,736
Series 2015-1 A, 2.12%, 7/15/26 ^(c)	16,450,000	16,699,130	INDUSTRIALS: 8.1%		
OTHER: 0.5%			Allergan PLC (Ireland)		
Rio Oil Finance Trust (Brazil)			3.45%, 3/15/22	7,030,000	7,303,502
9.25%, 7/6/24 ^(c)	48,930,750	41,774,628	3.80%, 3/15/25	6,870,000	7,148,235
9.75%, 1/6/27 ^(c)	42,925,000	36,271,625	AT&T, Inc.		
		78,046,253	3.40%, 5/15/25	6,725,000	6,882,304
STUDENT LOAN: 0.3%			4.125%, 2/17/26	7,050,000	7,573,406
SLM Student Loan Trust (Private Loans)			6.55%, 2/15/39	7,675,000	9,463,321
Series 2014-A A2A, 2.59%, 1/15/26 ^(c)	5,250,000	5,312,119	5.35%, 9/1/40	27,575,000	30,182,078
Series 2012-B A2, 3.48%, 10/15/30 ^(c)	7,435,773	7,578,665	4.75%, 5/15/46	7,000,000	7,174,622
Series 2012-E A2A, 2.09%, 6/15/45 ^(c)	13,775,000	13,805,780	5.65%, 2/15/47	5,175,000	5,920,128
Series 2012-C A2, 3.31%, 10/15/46 ^(c)	10,100,000	10,302,136	BHP Billiton, Ltd. (Australia)		
		36,998,700	6.75%, 10/19/75 ^{(b)(c)}	19,800,000	21,037,500
		131,744,083	Burlington Northern Santa Fe LLC ^(c)		
CORPORATE: 12.5%			5.72%, 1/15/24	4,005,469	4,531,138
FINANCIALS: 4.0%			5.342%, 4/1/24	8,422,517	9,357,501
Bank of America Corp.			5.629%, 4/1/24	12,978,896	14,642,180
4.20%, 8/26/24	5,825,000	6,024,040	Cemex SAB de CV (Mexico)		
6.625%, 5/23/36 ^(b)	37,275,000	45,638,951	6.50%, 12/10/19 ^(c)	16,500,000	17,490,000
			6.00%, 4/1/24 ^(c)	10,575,000	10,257,750

DEBT SECURITIES (continued)

	PAR VALUE	VALUE		PAR VALUE	VALUE
5.70%, 1/11/25 ^(c)	\$ 22,475,000	\$ 21,295,063	Union Pacific Corp.		
6.125%, 5/5/25 ^(c)	8,100,000	7,877,250	6.176%, 1/2/31	\$ 8,977,032	\$ 10,929,976
Charter Communications, Inc.			Verizon Communications, Inc.		
8.75%, 2/14/19	13,840,000	16,159,709	4.272%, 1/15/36	11,847,000	12,110,560
8.25%, 4/1/19	21,815,000	25,331,600	6.55%, 9/15/43	46,476,000	62,502,644
4.908%, 7/23/25 ^(c)	11,600,000	12,642,805	Vulcan Materials Co.		
6.55%, 5/1/37	11,000,000	12,834,580	7.50%, 6/15/21	20,340,000	24,434,442
6.75%, 6/15/39	2,110,000	2,480,349	Xerox Corp.		
6.484%, 10/23/45 ^(c)	8,150,000	9,737,196	6.35%, 5/15/18	16,835,000	18,000,942
Cox Enterprises, Inc.			4.50%, 5/15/21	19,161,000	19,376,408
3.25%, 12/15/22 ^(c)	15,740,000	15,698,383	Zoetis, Inc.		
2.95%, 6/30/23 ^(c)	37,166,000	35,832,224	3.45%, 11/13/20	8,960,000	9,250,949
3.85%, 2/1/25 ^(c)	13,125,000	13,225,629	4.50%, 11/13/25	7,985,000	8,810,425
CRH PLC (Ireland)					
3.875%, 5/18/25 ^(c)	17,100,000	18,051,769			1,122,833,806
Diamond 1&2 Finco (Dell-EMC)			UTILITIES: 0.4%		
4.42%, 6/15/21 ^(c)	25,415,000	26,121,664	Dominion Resources, Inc.		
5.45%, 6/15/23 ^(c)	11,500,000	11,924,649	4.104%, 4/1/21	5,300,000	5,609,223
Dillard's, Inc.			5.75%, 10/1/54 ^(b)	22,950,000	22,835,250
7.13%, 8/1/18	3,606,000	3,912,510	Enel SPA (Italy)		
7.875%, 1/1/23	8,660,000	10,088,900	6.80%, 9/15/37 ^(c)	13,700,000	17,777,750
7.75%, 7/15/26	50,000	57,190	6.00%, 10/7/39 ^(c)	8,550,000	10,106,494
7.75%, 5/15/27	540,000	619,650			56,328,717
7.00%, 12/1/28	15,135,000	16,782,899			1,737,138,259
Dow Chemical Co.					
7.375%, 11/1/29	17,000,000	22,806,571	TOTAL DEBT SECURITIES		
9.40%, 5/15/39	9,677,000	15,243,956	(Cost \$3,528,362,560)		\$ 3,747,793,436
FedEx Corp.					
6.72%, 7/15/23	4,766,926	5,417,611			
Ford Motor Credit Co. LLC ^(e)					
5.75%, 2/1/21	12,700,000	14,437,817			
5.875%, 8/2/21	3,850,000	4,416,077			
4.25%, 9/20/22	9,593,000	10,346,473			
4.375%, 8/6/23	7,900,000	8,589,386			
Hewlett Packard Enterprise Co.					
3.60%, 10/15/20 ^(c)	18,035,000	18,826,340			
Imperial Brands PLC (United Kingdom)					
3.75%, 7/21/22 ^(c)	10,475,000	11,055,640			
4.25%, 7/21/25 ^(c)	31,825,000	34,467,653			
Kinder Morgan, Inc.					
4.30%, 6/1/25	30,515,000	31,259,200			
5.50%, 3/1/44	33,730,000	33,766,327			
5.40%, 9/1/44	15,414,000	15,218,658			
Macy's, Inc.					
6.90%, 1/15/32	49,699,000	53,199,151			
6.70%, 7/15/34	2,890,000	3,115,128			
Naspers, Ltd. (South Africa)					
6.00%, 7/18/20 ^(c)	21,900,000	23,899,251			
5.50%, 7/21/25 ^(c)	17,575,000	18,278,000			
RELX PLC (United Kingdom)					
3.125%, 10/15/22	17,458,000	17,745,289			
Sprint Corp.					
6.00%, 12/1/16	24,367,000	24,519,294			
Teck Resources, Ltd. (Canada)					
5.20%, 3/1/42	17,773,000	11,641,315			
Telecom Italia SPA (Italy)					
7.175%, 6/18/19	27,527,000	31,036,693			
5.303%, 5/30/24 ^(c)	11,500,000	11,471,250			
7.20%, 7/18/36	11,596,000	11,610,495			
7.721%, 6/4/38	7,062,000	7,344,480			
Time Warner, Inc.					
7.625%, 4/15/31	27,848,000	38,221,046			
7.70%, 5/1/32	14,374,000	20,033,389			
TransCanada Corp. (Canada)					
5.625%, 5/20/75 ^(b)	20,570,000	18,975,825			
Twenty-First Century Fox, Inc.					
6.15%, 3/1/37	15,000,000	18,688,230			
6.65%, 11/15/37	1,638,000	2,149,231			

SHORT-TERM INVESTMENTS: 1.5%

	PAR VALUE	VALUE
MONEY MARKET FUND: 0.1%		
SSgA U.S. Treasury Money Market Fund	\$ 13,798,576	\$ 13,798,576
REPURCHASE AGREEMENT: 1.4%		
Fixed Income Clearing Corporation ^(d) 0.20%, dated 6/30/16, due 7/1/16, maturity value \$193,180,073	193,179,000	193,179,000
TOTAL SHORT-TERM INVESTMENTS (Cost \$206,977,576)		\$ 206,977,576
TOTAL INVESTMENTS (Cost \$11,473,476,253)	100.4%	\$13,976,654,293
OTHER ASSETS LESS LIABILITIES	(0.4%)	(52,246,193)
NET ASSETS	100.0%	\$13,924,408,100

FUTURES CONTRACTS

Description	Number of Contracts	Expiration Date	Notional Amount	Unrealized Appreciation/ (Depreciation)
10 Year U.S. Treasury Note—Short Position	1,602	Sep 2016	\$(213,040,969)	\$ (5,760,493)
Long Term U.S. Treasury Bond— Short Position	835	Sep 2016	\$(155,623,125)	\$(10,282,327)
				<u>\$(16,042,820)</u>

- (a) Non-income producing
- (b) Hybrid security
- (c) Security exempt from registration under Rule 144A of the Securities Act of 1933. The security may be resold in transactions exempt from registration, normally to qualified institutional buyers. As of June 30, 2016, all such securities in total represented \$575,562,143 or 4.1% of net assets. These securities have been deemed liquid by Dodge & Cox, investment manager, pursuant to procedures approved by the Fund's Board of Trustees.
- (d) Repurchase agreement is collateralized by U.S. Treasury Note 1.625%, 11/30/20. Total collateral value is \$197,046,775.
- (e) Subsidiary (see below)

In determining a company's country designation, the Fund generally references the country of incorporation. In cases where the Fund considers the country of incorporation to be a "jurisdiction of convenience" chosen primarily for tax purposes or in other limited circumstances, the Fund uses the country designation of an appropriate broad-based market index. In those cases, two countries are listed — the country of incorporation and the country designated by an appropriate index, respectively.

Debt securities are grouped by parent company unless otherwise noted. Actual securities may be issued by the listed parent company or one of its subsidiaries.

- ADR: American Depositary Receipt
- ARM: Adjustable Rate Mortgage
- CMO: Collateralized Mortgage Obligation
- DUS: Delegated Underwriting and Servicing
- GO: General Obligation
- RB: Revenue Bond
- REMIC: Real Estate Mortgage Investment Conduit

STATEMENT OF ASSETS AND LIABILITIES
(unaudited)

	June 30, 2016
ASSETS:	
Investments, at value (cost \$11,473,476,253)	\$13,976,654,293
Cash held at broker	6,000,082
Receivable for investments sold	24,517,313
Receivable from broker for variation margin	881,867
Receivable for Fund shares sold	4,100,531
Dividends and interest receivable	49,229,997
Prepaid expenses and other assets	1,092,044
	<u>14,062,476,127</u>
LIABILITIES:	
Payable for investments purchased	121,907,923
Payable for Fund shares redeemed	9,303,377
Management fees payable	5,740,871
Accrued expenses	1,115,856
	<u>138,068,027</u>
NET ASSETS	<u>\$13,924,408,100</u>
NET ASSETS CONSIST OF:	
Paid in capital	\$11,149,220,031
Undistributed net investment income	2,865,902
Undistributed net realized gain	285,186,947
Net unrealized appreciation	2,487,135,220
	<u>\$13,924,408,100</u>
Fund shares outstanding (par value \$0.01 each, unlimited shares authorized)	147,860,592
Net asset value per share	\$ 94.17

STATEMENT OF OPERATIONS
(unaudited)

	Six Months Ended June 30, 2016
INVESTMENT INCOME:	
Dividends (net of foreign taxes of \$3,988,584)	\$ 139,906,373
Interest	94,700,032
	<u>234,606,405</u>
EXPENSES:	
Management fees	34,134,471
Custody and fund accounting fees	119,716
Transfer agent fees	1,002,118
Professional services	58,340
Shareholder reports	201,871
Registration fees	61,341
Trustees' fees	123,750
Miscellaneous	470,623
	<u>36,172,230</u>
NET INVESTMENT INCOME	<u>198,434,175</u>
REALIZED AND UNREALIZED GAIN (LOSS):	
Net realized gain (loss)	
Investments	306,506,441
Futures contracts	(19,504,003)
Net change in unrealized appreciation/depreciation	
Investments	(168,130,080)
Futures contracts	(16,298,709)
Net realized and unrealized gain	<u>102,573,649</u>
NET INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 301,007,824</u>

STATEMENT OF CHANGES IN NET ASSETS
(unaudited)

	Six Months Ended June 30, 2016	Year Ended December 31, 2015
OPERATIONS:		
Net investment income	\$ 198,434,175	\$ 307,788,487
Net realized gain	287,002,438	492,597,968
Net change in unrealized appreciation/depreciation	(184,428,789)	(1,229,772,659)
	<u>301,007,824</u>	<u>(429,386,204)</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(198,819,531)	(308,037,610)
Net realized gain	(152,163,076)	(455,897,559)
Total distributions	<u>(350,982,607)</u>	<u>(763,935,169)</u>
FUND SHARE TRANSACTIONS:		
Proceeds from sale of shares	598,024,112	1,416,791,531
Reinvestment of distributions	332,706,584	725,183,002
Cost of shares redeemed	(1,225,676,856)	(2,144,401,683)
Net decrease from Fund share transactions	<u>(294,946,160)</u>	<u>(2,427,150)</u>
Total decrease in net assets	<u>(344,920,943)</u>	<u>(1,195,748,523)</u>
NET ASSETS:		
Beginning of period	14,269,329,043	15,465,077,566
End of period (including undistributed net investment income of \$2,865,902 and \$3,251,258, respectively)	<u>\$13,924,408,100</u>	<u>\$14,269,329,043</u>
SHARE INFORMATION:		
Shares sold	6,446,052	14,047,663
Distributions reinvested	3,618,121	7,539,830
Shares redeemed	(13,326,061)	(21,376,698)
Net increase (decrease) in shares outstanding	<u>(3,261,888)</u>	<u>210,795</u>

NOTE 1—ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Dodge & Cox Balanced Fund (the “Fund”) is one of the series constituting the Dodge & Cox Funds (the “Trust” or the “Funds”). The Trust is organized as a Delaware statutory trust and is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The Fund commenced operations on June 26, 1931, and seeks regular income, conservation of principal, and an opportunity for long-term growth of principal and income. Risk considerations and investment strategies of the Fund are discussed in the Fund’s Prospectus.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which require the use of estimates and assumptions by management. Actual results may differ from those estimates. Significant accounting policies are as follows:

Security valuation The Fund’s net assets are typically valued as of the normally scheduled close of trading on the New York Stock Exchange (NYSE), generally 4:00 p.m. Eastern Time, each day that the NYSE is open for business. Portfolio securities and other financial instruments for which market quotes are readily available are valued at market value. Listed securities are generally valued using the official quoted close price or the last sale on the exchange that is determined to be the primary market for the security.

Debt securities (including certain preferred stocks) and non-exchange traded derivatives are valued based on prices received from independent pricing services which utilize both dealer-supplied valuations and pricing models. Pricing models may consider quoted prices for similar securities, interest rates, cash flows (including prepayment speeds), and credit risk. Exchange-traded derivatives are valued at the settlement price determined by the relevant exchange. Security values are not discounted based on the size of the Fund’s position. Short-term securities less than 60 days to maturity may be valued at amortized cost if amortized cost approximates current value. Mutual funds are valued at their respective net asset values. All securities held by the Fund are denominated in U.S. dollars.

If market quotations are not readily available or if a security’s value is believed to have materially changed after the close of the security’s primary market but before the close of trading on the NYSE, the security is valued at fair value as determined in good faith by or under the direction of the Fund’s Board of Trustees. The Board of Trustees has appointed Dodge & Cox, the Fund’s investment manager, to make fair value determinations in accordance with the Dodge & Cox Funds Valuation Policies (“Valuation Policies”), subject to Board oversight. Dodge & Cox has established a Pricing Committee that is comprised of representatives from Treasury, Legal, Compliance, and Operations. The Pricing Committee is responsible for implementing the Valuation Policies, including determining the fair value of securities when market quotations or market-based valuations are not readily available or are deemed unreliable. The Pricing

Committee considers relevant indications of value that are reasonably available to it in determining the fair value assigned to a particular security, such as the value of similar financial instruments, trading volumes, contractual restrictions on disposition, related corporate actions, and changes in economic conditions. In doing so, the Pricing Committee employs various methods for calibrating fair valuation approaches, including a regular review of key inputs and assumptions, back-testing, and review of any related market activity.

Valuing securities through a fair value determination involves greater reliance on judgment than valuation of securities based on readily available market quotations. In some instances, lack of information and uncertainty as to the significance of information may lead to a conclusion that a prior valuation is the best indication of a security’s value. When fair value pricing is employed, the prices of securities used by the Fund to calculate its NAV may differ from quoted or published prices for the same securities.

Security transactions, investment income, expenses, and distributions Security transactions are recorded on the trade date. Realized gains and losses on securities sold are determined on the basis of identified cost.

Dividend income and corporate action transactions are recorded on the ex-dividend date, or when the Fund first learns of the dividend/corporate action if the ex-dividend date has passed. Withholding taxes on foreign dividends have been provided for in accordance with the Fund’s understanding of the applicable country’s tax rules and rates. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Dividends characterized as return of capital for U.S. tax purposes are recorded as a reduction of cost of investments and/or realized gain.

Interest income is recorded on the accrual basis. Interest income includes coupon interest, amortization of premium and accretion of discount on debt securities, and gain/loss on paydowns. The ability of the issuers of the debt securities held by the Fund to meet their obligations may be affected by economic developments in a specific industry, state, or region. Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivables when the collection of all or a portion of interest has become doubtful. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectibility of interest is reasonably assured.

Expenses are recorded on the accrual basis. Some expenses of the Trust can be directly attributed to a specific series. Expenses which cannot be directly attributed are allocated among the Funds in the Trust using methodologies determined by the nature of the expense.

Distributions to shareholders are recorded on the ex-dividend date.

Repurchase agreements The Fund enters into repurchase agreements, secured by U.S. government or agency securities, which involve the purchase of securities from a counterparty with a simultaneous commitment to resell the securities at an agreed-upon

NOTES TO FINANCIAL STATEMENTS (unaudited)

date and price. It is the Fund's policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. In the event of default by the counterparty, the Fund has the contractual right to liquidate the collateral securities and to apply the proceeds in satisfaction of the obligation.

Futures Contracts Futures contracts involve an obligation to purchase or sell (depending on whether the Fund has entered a long or short futures contract, respectively) an asset at a future date, at a price set at the time of the contract. Upon entering into a futures contract, the Fund is required to deposit an amount of cash or liquid assets (referred to as initial margin) in a segregated account with the clearing broker. Subsequent payments (referred to as variation margin) to and from the clearing broker are made on a daily basis based on changes in the market value of futures contracts. Futures contracts are traded publicly and their market value changes daily. Changes in the market value of open futures contracts are recorded as unrealized appreciation or depreciation in the Statement of Operations. Realized gains and losses on futures contracts are recorded in the Statement of Operations at the closing or expiration of the contracts. Cash deposited with a broker as initial margin is recorded on the Statement of Assets and Liabilities. A receivable and/or payable to brokers for daily variation margin is also recorded on the Statement of Assets and Liabilities.

Investments in futures contracts may include certain risks, which may be different from, and potentially greater than, those of the underlying securities. To the extent the Fund uses futures, it is exposed to additional volatility and potential losses resulting from leverage.

The Fund has maintained short Treasury futures contracts to assist with the management of the portfolio's interest rate exposure. During the six months ended June 30, 2016, these Treasury futures contracts had notional values ranging from 2% to 3% of net assets.

Indemnification Under the Trust's organizational documents, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust. In addition, in the normal course of business the Trust enters into contracts that provide general indemnities to other parties. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred.

NOTE 2—VALUATION MEASUREMENTS

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below.

- Level 1: Quoted prices in active markets for identical securities
- Level 2: Other significant observable inputs (including quoted prices for similar securities, market indices, interest rates, credit risk, etc.)
- Level 3: Significant unobservable inputs (including Fund management's assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund's holdings at June 30, 2016:

Classification ^(a)	LEVEL 1 (Quoted Prices)	LEVEL 2 (Other Significant Observable Inputs)
Securities		
Common Stocks ^(b)	\$9,259,113,910	\$ —
Preferred Stocks	—	762,769,371
Debt Securities		
U.S. Treasury	—	350,620,805
Government-Related	—	260,791,755
Mortgage-Related	—	1,267,498,534
Asset-Backed	—	131,744,083
Corporate	—	1,737,138,259
Short-term Investments		
Money Market Fund	13,798,576	—
Repurchase Agreement	—	193,179,000
Total Securities	\$9,272,912,486	\$4,703,741,807
Other Financial Instruments		
Futures Contracts		
Depreciation	\$ (16,042,820)	\$ —

^(a) There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2016. There were no Level 3 securities at June 30, 2016 and December 31, 2015, and there were no transfers to Level 3 during the period.

^(b) All common stocks held in the Fund are Level 1 securities. For a detailed break-out of common stocks by major industry classification, please refer to the Portfolio of Investments.

NOTE 3—RELATED PARTY TRANSACTIONS

Management fees Under a written agreement approved by a unanimous vote of the Board of Trustees, the Fund pays an annual management fee of 0.50% of the Fund's average daily net assets to Dodge & Cox, investment manager of the Fund.

Fund officers and trustees All officers and two of the trustees of the Trust are officers or employees of Dodge & Cox. The Trust pays a fee only to those trustees who are not affiliated with Dodge & Cox.

NOTE 4—INCOME TAX INFORMATION AND DISTRIBUTIONS TO SHAREHOLDERS

A provision for federal income taxes is not required since the Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute all of its taxable income to shareholders. Distributions are determined in accordance with income tax regulations, and such amounts may differ from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book to tax differences at year end to reflect tax character.

Book to tax differences are primarily due to differing treatments of wash sales, net short-term realized gain (loss), and futures contracts. At June 30, 2016, the cost of investments for federal income tax purposes was \$11,474,831,608.

NOTES TO FINANCIAL STATEMENTS (unaudited)

Distributions during the periods noted below were characterized as follows for federal income tax purposes:

	Six Months Ended June 30, 2016	Year Ended December 31, 2015
Ordinary income	\$198,819,531 (\$1.350 per share)	\$311,803,137 (\$2.085 per share)
Long-term capital gain	\$152,163,076 (\$1.033 per share)	\$452,132,032 (\$3.049 per share)

At June 30, 2016, the tax basis components of distributable earnings were as follows:

Unrealized appreciation	\$2,829,648,499
Unrealized depreciation	(327,825,814)
Net unrealized appreciation	2,501,822,685
Undistributed ordinary income	2,812,234
Undistributed long-term capital gain	270,553,150

Fund management has reviewed the tax positions for open periods (three years and four years, respectively, from filing the Fund's Federal and State tax returns) as applicable to the Fund, and has determined that no provision for income tax is required in the Fund's financial statements.

NOTE 5—LOAN FACILITIES

Pursuant to an exemptive order issued by the Securities and Exchange Commission (SEC), the Fund may participate in an interfund lending facility (Facility). The Facility allows the Fund to borrow money from or loan money to the Funds. Loans under the Facility are made for temporary or emergency purposes, such as to fund shareholder redemption requests. Interest on borrowings is the average of the current repurchase agreement rate and the bank loan rate. There was no activity in the Facility during the period.

All Funds in the Trust participate in a \$500 million committed credit facility (Line of Credit) with State Street Bank and Trust Company, to be utilized for temporary or emergency purposes to fund shareholder redemptions or for other short-term liquidity purposes. The maximum amount available to the Fund is \$250 million. Each Fund pays an annual commitment fee on its pro-rata portion of the Line of Credit. For the six months ended June 30, 2016, the Fund's commitment fee amounted to \$31,997 and is reflected as a Miscellaneous Expense in the Statement of Operations. Interest on borrowings is charged at the prevailing rate. There were no borrowings on the Line of Credit during the period.

NOTE 6—PURCHASES AND SALES OF INVESTMENTS

For the six months ended June 30, 2016, purchases and sales of securities, other than short-term securities and U.S. government securities, aggregated \$1,111,234,756 and \$1,456,205,319, respectively. For the six months ended June 30, 2016, purchases and sales of U.S. government securities aggregated \$748,524,940 and \$812,043,668, respectively.

NOTE 7—SUBSEQUENT EVENTS

Fund management has determined that no material events or transactions occurred subsequent to June 30, 2016, and through the date of the Fund's financial statements issuance, which require additional disclosure in the Fund's financial statements.

FINANCIAL HIGHLIGHTS (unaudited)

SELECTED DATA AND RATIOS

(for a share outstanding throughout each period)

Six Months
Ended June 30,

Year Ended December 31,

	2016 ^(a)	2015	2014	2013	2012	2011
Net asset value, beginning of period	\$94.42	\$102.48	\$98.30	\$78.06	\$67.45	\$70.22
Income from investment operations:						
Net investment income	1.35	2.06	2.03	1.66	1.65	1.62
Net realized and unrealized gain (loss)	0.78	(4.99)	6.59	20.30	10.62	(2.77)
Total from investment operations	2.13	(2.93)	8.62	21.96	12.27	(1.15)
Distributions to shareholders from:						
Net investment income	(1.35)	(2.06)	(2.03)	(1.65)	(1.66)	(1.62)
Net realized gain	(1.03)	(3.07)	(2.41)	(0.07)	—	—
Total distributions	(2.38)	(5.13)	(4.44)	(1.72)	(1.66)	(1.62)
Net asset value, end of period	\$94.17	\$94.42	\$102.48	\$98.30	\$78.06	\$67.45
Total return	2.33%	(2.88)%	8.85%	28.37%	18.32%	(1.66)%
Ratios/supplemental data:						
Net assets, end of period (millions)	\$13,924	\$14,269	\$15,465	\$14,404	\$12,217	\$12,220
Ratio of expenses to average net assets	0.53% ^(b)	0.53%	0.53%	0.53%	0.53%	0.53%
Ratio of net investment income to average net assets	2.91% ^(b)	2.03%	2.00%	1.85%	2.21%	2.26%
Portfolio turnover rate	14%	20%	23%	25%	16%	19%

^(a) Unaudited

^(b) Annualized

See accompanying Notes to Financial Statements

FUND HOLDINGS

The Fund provides a complete list of its holdings four times each fiscal year, as of the end of each quarter. The Fund files the lists with the SEC on Form N-CSR (second and fourth quarters) and Form N-Q (first and third quarters). Shareholders may view the Fund's Forms N-CSR and N-Q on the SEC's website at sec.gov. Forms N-CSR and N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling 202-551-8090 (direct) or 800-732-0330 (general SEC number). A list of the Fund's quarter-end holdings is also available at dodgeandcox.com on or about 15 days following each quarter end and remains available on the website until the list is updated in the subsequent quarter.

PROXY VOTING

For a free copy of the Fund's proxy voting policies and procedures, please call 800-621-3979, visit the Fund's website at dodgeandcox.com, or visit the SEC's website at sec.gov. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ending June 30 is also available at dodgeandcox.com or at sec.gov.

HOUSEHOLD MAILINGS

The Fund routinely mails shareholder reports and summary prospectuses to shareholders and, on occasion, proxy statements. In order to reduce the volume of mail, when possible, only one copy of these documents will be sent to shareholders who are part of the same family and share the same residential address.

If you have a direct account with the Funds and you do not want the mailing of shareholder reports and summary prospectuses combined with other members in your household, contact the Funds at 800-621-3979. Your request will be implemented within 30 days.

THIS PAGE INTENTIONALLY LEFT BLANK

TRUSTEES AND EXECUTIVE OFFICERS

Charles F. Pohl, Chairman and Trustee
Chairman, Dodge & Cox

Dana M. Emery, President and Trustee
Chief Executive Officer and President, Dodge & Cox

Thomas A. Larsen, Independent Trustee
Senior Counsel, Arnold & Porter LLP

Ann Mather, Independent Trustee
Former Executive Vice President, Chief Financial Officer, and Company Secretary, Pixar Animation Studios

Robert B. Morris III, Independent Trustee
Advisory Director, The Presidio Group

Gary Roughead, Independent Trustee
Annenberg Distinguished Visiting Fellow, Hoover Institution; and former U.S. Navy Chief of Naval Operations

Mark E. Smith, Independent Trustee
Former Executive Vice President and Managing Director-Fixed Income, Loomis Sayles & Company, L.P.

John B. Taylor, Independent Trustee
Professor of Economics, Stanford University; Senior Fellow, Hoover Institute; and former Under Secretary for International Affairs, United States Treasury

John A. Gunn, Senior Vice President
Former Chairman and Chief Executive Officer, Dodge & Cox

Diana S. Strandberg, Senior Vice President
Senior Vice President and Director of International Equity, Dodge & Cox

David H. Longhurst, Treasurer
Vice President and Assistant Treasurer, Dodge & Cox

Thomas M. Mistele, Secretary
Chief Operating Officer, Secretary, and Senior Counsel, Dodge & Cox

Katherine M. Primas, Chief Compliance Officer
Vice President and Chief Compliance Officer, Dodge & Cox

Additional information about the Trust's Trustees and Officers is available in the Trust's Statement of Additional Information (SAI). You can get a free copy of the SAI by visiting the Funds' website at dodgeandcox.com or calling 800-621-3979.

Balanced Fund

dodgeandcox.com

For Fund literature, transactions, and account information, please visit the Funds' website.

or write or call:

DODGE & COX FUNDS

c/o Boston Financial Data Services
P.O. Box 8422
Boston, Massachusetts 02266-8422
(800) 621-3979

INVESTMENT MANAGER

Dodge & Cox
555 California Street, 40th Floor
San Francisco, California 94104
(415) 981-1710

This report is submitted for the general information of the shareholders of the Fund. The report is not authorized for distribution to prospective investors in the Fund unless it is accompanied by a current prospectus.

This report reflects our views, opinions, and portfolio holdings as of June 30, 2016, the end of the reporting period. Any such views are subject to change at any time based upon market or other conditions and Dodge & Cox disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dodge & Cox Fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dodge & Cox Fund.