2017

Annual Report
December 31, 2017

Income Fund

ESTABLISHED 1989

TICKER: DODIX

12/17 IF AR Printed on recycled paper

The Dodge & Cox Income Fund had a total return of 4.4% for the year ended December 31, 2017, compared to a return of 3.5% for the Bloomberg Barclays U.S. Aggregate Bond Index (Bloomberg Barclays U.S. Agg).

MARKET COMMENTARY

The U.S. investment-grade bond market delivered a 3.5% return in 2017, driven primarily by strong performance from corporate bonds. Short term yields rose 70 basis points[a] (bps) due in part to Federal Reserve (Fed) rate hikes, while longer term rates remained relatively unchanged—resulting in the flattest yield curve since 2007.

Generally favorable U.S. economic data buoyed investor sentiment, although soft pockets remain. Third quarter GDP growth of 3.2% (on an annualized basis) represented the strongest quarter in more than two years and was accompanied by robust figures for retail sales and housing activity, as well as rising consumer confidence. While the unemployment rate fell to a 17-year low of 4.1%, wage growth was subdued and core inflation remained below the Fed's target of 2%. The Fed raised short-term rates three times (by 25 bps each time) in 2017, signaled expectations for three additional hikes in 2018, and started the process of gradually reducing its $4.5 trillion in bond holdings. Policymakers indicated a continued cautious approach to future policy changes given stubbornly low inflation. Jerome Powell, confirmed to succeed Janet Yellen as Fed Chair, is believed to largely represent continuity in monetary policy, though with a more laissez-faire stance on regulation.

In Washington, the heightened level of political discord weighed on the legislative agenda and raised concerns that proposed pro-growth policies may be delayed or derailed. Nonetheless, a significant overhaul of the U.S. tax system was passed by Congress and signed into law in late December. Many investors welcomed the business-friendly elements of the bill, including a reduction in corporate tax rates, but questions remain regarding the potential impact of a significantly higher national debt burden on growth.

Investment-grade corporate bonds continued their strong run in 2017, returning 6.4%[b] and outperforming comparable-duration[c] Treasuries by 3.5 percentage points. Investors demonstrated a robust appetite for risk assets as credit yield premiums[d] ended 2017 at their narrowest level in ten years. The corporate sector benefited from the stable economic backdrop and solid corporate earnings as well as the prospect of lower corporate tax rates. Meanwhile, Agency[e] mortgage-backed securities (MBS) returned 2.5% and outperformed comparable-duration Treasuries by 0.5 percentage points.

INVESTMENT STRATEGY

We are pleased to report another strong year of both absolute and relative performance for the Fund, led by outperformance from a wide variety of individual credit holdings as well as our overweighting of the credit sector generally. Fuller valuations—U.S. credit spreads contracted by almost 30 bps—compelled us to continue to reduce credit[f] exposure. While we are comfortable with the Fund's current holdings, which we believe to be fairly valued relative to individual issuer fundamentals, these actions have reduced the Fund's yield advantage (28 bps at year end versus 66 bps at the beginning of the year).

We made other smaller adjustments to Fund positioning throughout the year but retain the same general themes in the Fund's portfolio. We maintain a defensive posture with respect to interest rate risk, with a Fund duration of 4.2 years[g] (compared to 6.0 years for the Bloomberg Barclays U.S. Agg). Despite the aforementioned reductions, the Fund maintains sizeable credit exposure at 41% (10 percentage points more than the index), of which 34% is sourced from corporate bonds and 7% from government-related securities. The Fund maintains 36% in securitized (primarily Agency MBS) holdings, and the Fund's 23% weighting in U.S. Treasuries and cash represents "dry powder" we can deploy as we uncover interesting opportunities and/or wait for a more interesting valuation environment. We remain vigilant in searching for these opportunities across the investment universe. As an example, we have unearthed a number of attractive investments away from credit over the past year (e.g., Home Equity Conversion Mortgages, Treasury Inflation-Protected Securities). Our experienced and integrated team of fixed income investment professionals has looked for ways to add durable yield in an environment with less attractive opportunities in the credit market.

Credit: Reducing Idiosyncratic Exposures at Fuller Valuations

The most meaningful change to Fund positioning throughout 2017 was a further reduction to the credit weighting, a recurring theme since early 2016 when, from a credit weighting peak of 55%, we began the process of selectively trimming into a strengthening market. Individual issuer trims reduced the Fund's credit weighting by six percentage points in 2017, following a similar decrease in 2016. The most recent year's reductions were achieved through a combination of tactical, relative value-driven trims (e.g., Capital One, Dell, Kinder Morgan)[h] and by taking advantage of liability management exercises (tender offers, make-whole calls) undertaken by corporate issuers (e.g., Cemex, Cigna, Time Warner, Vulcan Materials, Xerox). These companies offered attractive terms (higher-than-market prices) to buy back their debt primarily to retire high-coupon debt, extend maturities, and/or take advantage of related tax deductions prior to the expected implementation of tax reform. Attractively priced tenders like these provided the opportunity to selectively reduce exposure without incurring transaction costs.

Notwithstanding the broad-based reduction to many of the Fund's credit holdings, we still found new opportunities in credit over the course of 2017. For example, we added to an existing position in TransCanada Corp., a Canadian midstream energy company, through the purchase of a newly issued hybrid security at an attractive spread. We also bought a small position in short-dated, tax-exempt State of Illinois securities at new issue after an unsuccessful syndication process widened spreads to an attractive level.

At current valuations, the credit sector as a whole offers a less compelling value proposition relative to previous periods over the last decade but still represents reasonable value relative to alternatives. Corporate fundamentals are strong, with no obvious catalyst for broad-based deterioration. Profitability is robust, and liquidity is available for all but the most challenged issuers. Additionally, the operating environment is healthy, with strong and synchronized global growth, business-friendly policies likely to come out of Washington, and robust demand for credit. Furthermore, as active managers we seek to generate an above-market yield through our security selection efforts and have a Fund portfolio that is differentiated from the broad credit market. Demonstrating this fact, the Fund's credit holdings offer a yield premium of 163 bps, almost twice that of the broad investment-grade Credit Index (89 bps).

Stable MBS Weighting, but Alert to New Opportunities

The Fund's MBS performed well in 2017, benefiting from a benign interest rate environment and muted refinancing activity among the Fund's holdings. We kept the Fund's weighting stable throughout 2017 at roughly a third of the portfolio, but shifted the underlying mix of holdings as valuations changed during the year. For example, we reduced 15- and 20-year MBS due to high valuations, limited upside potential in a slow-to-moderate prepayment environment, and better opportunities elsewhere. We deployed most of the proceeds into newly issued 30-year premium MBS, which we viewed as more attractive. We also introduced a new type of security to the Fund in 2017, establishing a small position in Ginnie Mae-guaranteed Home Equity Conversion Mortgages. Our structured products team is continuously canvassing the market for interesting opportunities. These new positions, while small, offer interesting relative value versus high-quality alternatives as well as diversification benefits.

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

Mitigating Interest Rate Risk in the Fund

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

IN CLOSING

While we are pleased with the Fund's relative results, we caution shareholders to temper their expectations for future returns given the low starting level of interest rates, which increases the risk of low (or even negative) returns if yields rise substantially from current levels. In addition, the credit markets are unlikely to provide the important performance tailwind of the past two years, given current narrow spread levels.

That said, we believe bonds serve a vital defensive role in a diversified portfolio, providing liquidity, income generation, downside protection, and low correlation to riskier asset classes. We have positioned the Fund defensively from a duration standpoint and will continue to seek opportunities to build portfolio yield through our bottom-up, research-driven investment approach.

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

January 30, 2018

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

[b] Sector returns as calculated and reported by Bloomberg.

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

[d] 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.

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

[g] Unless otherwise specified, all weightings and characteristics are as of December 31, 2017.

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

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

ANNUAL PERFORMANCE REVIEW

The Fund outperformed the Bloomberg Barclays U.S. Agg by 0.8 percentage points in 2017.

Key Contributors to Relative Results

- Security selection within credit was strongly positive as several corporate holdings performed well, including Bank of America capital securities, Citigroup capital securities, and Telecom Italia. Certain emerging market-domiciled holdings also outperformed, including Pemex and Rio Oil Finance Trust.
- The Fund's overweight to corporate bonds and underweight to U.S. Treasuries added to relative returns given the strong performance of credit.
- The Fund's nominal yield advantage benefited returns.

Key Detractors from Relative Results

- The Fund's lower exposure to long-term (10+ years) bonds detracted from relative returns as the yield curve flattened.
- Certain corporate holdings underperformed, including Macy's and Verizon.

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 U.S. Fixed Income Investment Committee, which is the decision-making body for the Income Fund, is an eight-member committee with an average tenure at Dodge & Cox of 22 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.

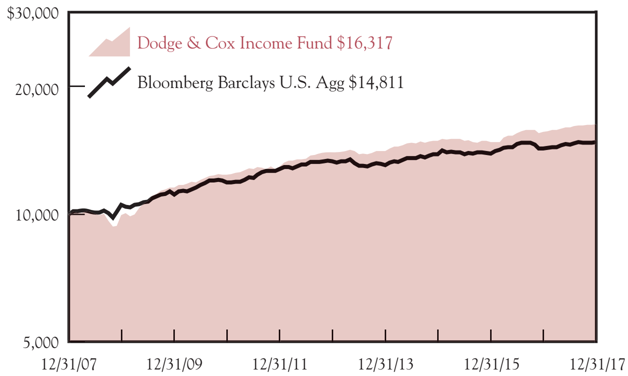
Long-Term Focus and Low Expenses

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 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 DECEMBER 31, 2007



AVERAGE ANNUAL TOTAL RETURN

FOR PERIODS ENDED DECEMBER 31, 2017

	1 Year	5 Years	10 Years	20 Years
Dodge & Cox Income Fund	4.36%	3.07%	5.01%	5.50%
Bloomberg Barclays U.S. Aggregate Bond Index (Bloomberg Barclays U.S. Agg)	3.54	2.10	4.01	4.98

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 interest income but, unlike Fund returns, do not reflect fees or expenses. The Bloomberg Barclays U.S. Aggregate Bond Index (Bloomberg Barclays U.S. Agg) is a widely recognized, unmanaged index of U.S. dollar-denominated, investment-grade, taxable debt securities.

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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 December 31, 2017	Beginning Account Value 7/1/2017	Ending Account Value 12/31/2017	Expenses Paid During Period*
Based on Actual Fund Return	$1,000.00	$1,016.10	$2.15
Based on Hypothetical 5% Yearly Return	1,000.00	1,023.07	2.16

* Expenses are equal to the Fund's annualized expense ratio of 0.42%, multiplied by the average account value over the period, multiplied by 184/365 (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).

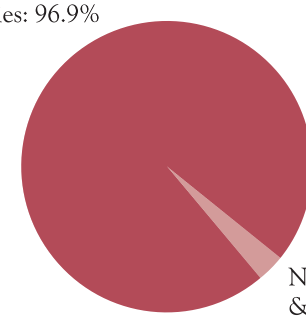
GENERAL INFORMATION

Net Asset Value Per Share	$13.76
Total Net Assets (billions)	$54.3
Expense Ratio	0.43%
Portfolio Turnover Rate	19%
30-Day SEC Yield[a]	2.64%
Number of Credit Issuers	51
Fund Inception	1989

No sales charges or distribution fees

Investment Manager: Dodge & Cox, San Francisco. Managed by the U.S. Fixed Income Investment Committee, whose eight members' average tenure at Dodge & Cox is 22 years.

ASSET ALLOCATION



PORTFOLIO CHARACTERISTICS	Fund	BBG Barclays U.S. Agg
Effective Duration (years)[b]	**4.2**	6.0

FIVE LARGEST CREDIT ISSUERS (%)[c]	Fund
Charter Communications, Inc.	**2.2**
State of California GO	**2.0**
Bank of America Corp.	**1.9**
Petroleos Mexicanos	**1.7**
State of Illinois GO	**1.7**

SECTOR DIVERSIFICATION (%)	Fund	BBG Barclays U.S. Agg
U.S. Treasury[e]	**19.5**	37.0
Government-Related[f]	**6.9**	6.8
Securitized	**36.1**	30.5
Corporate	**34.4**	25.7
Net Cash & Other[g]	**3.1**	0.0

CREDIT QUALITY (%)[d]	Fund	BBG Barclays U.S. Agg
U.S. Treasury/Agency/GSE[e]	**52.7**	67.5
Aaa	**1.7**	4.3
Aa	**3.7**	3.2
A	**3.9**	11.5
Baa	**28.0**	13.5
Ba	**5.5**	0.0
B	**0.0**	0.0
Caa	**1.4**	0.0
Net Cash & Other[g]	**3.1**	0.0

MATURITY DIVERSIFICATION (%)[e]	Fund	BBG Barclays U.S. Agg
0-1 Years to Maturity	**9.6**	0.0
1-5	**45.0**	39.5
5-10	**28.2**	44.3
10-15	**2.4**	1.4
15-20	**4.7**	2.2
20-25	**4.4**	4.1
25 and Over	**5.7**	8.5

(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) Interest rate derivatives reduce total Fund duration by 0.2 years (i.e., total portfolio duration is 4.4 years without derivatives).
(c) 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.
(d) The credit quality distributions shown for the Fund and the Index are based on the middle of Moody's, S&P, and Fitch ratings, which is the methodology used by Bloomberg in constructing its indices. If a security is rated by only two agencies, the lower of the two ratings is used. Please note the Fund applies the highest of Moody's, S&P, and Fitch ratings to determine compliance with the quality requirements stated in its prospectus. On that basis, the Fund held 3.4% in securities rated below investment grade. The credit quality of the investments in the portfolio does not apply to the stability or safety of the Fund or its shares.
(e) Data as presented excludes the Fund's position in Treasury futures contracts.
(f) The portfolio's Government-Related holdings include tax-exempt municipal securities; the BBG Barclays U.S. Agg classifies these securities as Municipal Bonds.
(g) Net Cash & Other includes cash, short-term investments, derivatives, receivables, and payables.

DEBT SECURITIES: 96.9%

	PAR VALUE	VALUE
U.S. TREASURY: 19.5%		
U.S. Treasury Inflation Indexed		
0.125%, 4/15/20[g]	$ 564,584,787	$ 563,539,238
0.125%, 4/15/21[g]	390,493,152	388,991,725
U.S. Treasury Note/Bond		
0.875%, 1/15/18	600,000,000	599,925,858
0.75%, 2/28/18	500,000,000	499,521,795
0.625%, 6/30/18	140,000,000	139,420,292
0.75%, 7/31/18	500,000,000	497,537,270
0.75%, 8/31/18	350,000,000	347,864,408
1.50%, 8/31/18	250,000,000	249,684,182
0.875%, 10/15/18	300,000,000	298,049,847
1.25%, 12/31/18	165,000,000	164,079,048
1.125%, 2/28/19	600,000,000	595,050,534
1.50%, 2/28/19	496,995,000	494,991,862
1.25%, 4/30/19	300,000,000	297,598,347
1.625%, 7/31/19	600,000,000	597,747,024
0.875%, 9/15/19	600,000,000	589,888,272
1.375%, 12/15/19	165,000,000	163,355,278
1.625%, 12/31/19	500,000,000	497,318,365
1.375%, 1/15/20	250,000,000	247,389,938
1.50%, 5/31/20	175,000,000	173,257,231
1.625%, 6/30/20	200,000,000	198,501,252
1.375%, 9/15/20	600,000,000	591,387,162
1.75%, 11/15/20	350,000,000	347,960,707
1.375%, 5/31/21	450,000,000	439,843,761
1.125%, 7/31/21	250,000,000	241,741,148
2.00%, 12/31/21	165,000,000	164,152,187
1.875%, 7/31/22	200,000,000	197,267,934
2.00%, 10/31/22	500,000,000	495,580,260
2.00%, 11/30/22	500,000,000	495,378,730
		10,577,023,655
GOVERNMENT-RELATED: 6.9%		
FEDERAL AGENCY: 0.1%		
Small Business Admin. — 504 Program		
Series 1998-20B 1, 6.15%, 2/1/18	1,560	1,565
Series 1998-20C 1, 6.35%, 3/1/18	57,764	58,114
Series 1998-20H 1, 6.15%, 8/1/18	60,155	60,630
Series 1998-20L 1, 5.80%, 12/1/18	35,161	35,403
Series 1999-20C 1, 6.30%, 3/1/19	36,808	37,237
Series 1999-20E 1, 6.30%, 5/1/19	1,085	1,098
Series 1999-20G 1, 7.00%, 7/1/19	78,513	80,094
Series 1999-20I 1, 7.30%, 9/1/19	44,487	45,560
Series 2000-20C 1, 7.625%, 3/1/20	2,646	2,730
Series 2000-20G 1, 7.39%, 7/1/20	1,972	2,031
Series 2001-20G 1, 6.625%, 7/1/21	503,177	523,833
Series 2001-20L 1, 5.78%, 12/1/21	1,284,900	1,333,023
Series 2002-20A 1, 6.14%, 1/1/22	9,908	10,370
Series 2002-20L 1, 5.10%, 12/1/22	367,428	382,061
Series 2003-20G 1, 4.35%, 7/1/23	28,178	29,010
Series 2004-20L 1, 4.87%, 12/1/24	670,944	698,896
Series 2005-20B 1, 4.625%, 2/1/25	1,332,451	1,381,272
Series 2005-20D 1, 5.11%, 4/1/25	50,527	53,012
Series 2005-20E 1, 4.84%, 5/1/25	1,976,546	2,057,044
Series 2005-20G 1, 4.75%, 7/1/25	2,229,299	2,315,465
Series 2005-20H 1, 5.11%, 8/1/25	25,515	26,772
Series 2005-20I 1, 4.76%, 9/1/25	2,673,475	2,780,093
Series 2006-20A 1, 5.21%, 1/1/26	2,496,590	2,636,898
Series 2006-20B 1, 5.35%, 2/1/26	727,486	769,617
Series 2006-20C 1, 5.57%, 3/1/26	3,474,231	3,682,769
Series 2006-20G 1, 6.07%, 7/1/26	5,936,574	6,353,910
Series 2006-20H 1, 5.70%, 8/1/26	49,158	52,167
Series 2006-20I 1, 5.54%, 9/1/26	102,206	108,298
Series 2006-20J 1, 5.37%, 10/1/26	2,158,423	2,286,776
Series 2006-20L 1, 5.12%, 12/1/26	2,025,709	2,137,172
Series 2007-20A 1, 5.32%, 1/1/27	4,607,722	4,889,955
Series 2007-20C 1, 5.23%, 3/1/27	7,341,943	7,744,535
Series 2007-20D 1, 5.32%, 4/1/27	6,885,126	7,296,545
Series 2007-20G 1, 5.82%, 7/1/27	$ 4,916,078	$ 5,271,950
		55,145,905
FOREIGN AGENCY: 2.1%		
Petroleo Brasileiro SA (Brazil)		
5.375%, 1/27/21	118,335,000	123,068,400
4.375%, 5/20/23	38,625,000	38,198,966
6.25%, 3/17/24	31,505,000	33,458,310
Petroleos Mexicanos (Mexico)		
4.875%, 1/18/24	123,065,000	127,489,187
6.875%, 8/4/26	120,490,000	136,605,537
6.50%, 3/13/27[b]	124,765,000	136,368,145
6.625%, 6/15/35	112,290,000	119,963,899
5.50%, 6/27/44	16,603,000	15,274,096
6.375%, 1/23/45	166,156,000	167,044,935
5.625%, 1/23/46	190,720,000	176,511,360
6.75%, 9/21/47	65,661,000	68,540,235
		1,142,523,070
LOCAL AUTHORITY: 4.6%		
L.A. Unified School District GO		
5.75%, 7/1/34	6,075,000	7,746,779
6.758%, 7/1/34	185,585,000	256,315,155
New Jersey Turnpike Authority RB		
7.414%, 1/1/40	41,065,000	63,384,649
7.102%, 1/1/41	148,277,000	221,515,459
New Valley Generation		
4.929%, 1/15/21	247,539	262,549
State of California GO		
7.50%, 4/1/34	194,406,000	287,880,293
7.55%, 4/1/39	169,895,000	267,348,471
7.30%, 10/1/39	196,920,000	293,777,071
7.625%, 3/1/40	119,575,000	187,069,109
7.60%, 11/1/40	16,760,000	26,764,547
State of Illinois GO		
5.665%, 3/1/18	204,685,000	205,798,486
5.877%, 3/1/19	120,575,000	124,332,117
5.00%, 11/1/20	145,585,000	153,295,181
5.00%, 11/1/21	117,990,000	125,273,523
5.10%, 6/1/33	306,400,000	305,891,376
		2,526,654,765
SOVEREIGN: 0.1%		
Spain Government International (Spain)		
4.00%, 3/6/18[b]	55,790,000	55,884,843
		3,780,208,583
SECURITIZED: 36.1%		
ASSET-BACKED: 3.0%		
Auto Loan: 0.5%		
Ford Credit Auto Owner Trust		
Series 2015-REV1 A, 2.12%, 7/15/26[b]	207,826,000	207,365,831
Series 2017-REV1 A, 2.62%, 8/15/28[b]	16,176,000	16,183,729
Series 2017-REV2 A, 2.36%, 3/15/29[b]	32,121,000	31,824,986
		255,374,546
Credit Card: 0.9%		
American Express Master Trust		
Series 2017-3 A, 1.77%, 4/15/20	185,705,000	184,077,593
Series 2017-4 A, 1.64%, 12/15/21	246,302,000	245,026,722
Series 2017-6 A, 2.04%, 5/15/23	59,190,000	58,898,525
Chase Issuance Trust Series 2012-A4 A4, 1.58%, 8/16/21	14,693,000	14,571,574
		502,574,414
Other: 1.3%		
Rio Oil Finance Trust (Brazil)		
9.25%, 7/6/24[b]	435,401,054	470,233,138
9.75%, 1/6/27[b]	238,846,701	257,954,437
		728,187,575

DEBT SECURITIES (continued)

	PAR VALUE	VALUE
Student Loan: 0.3%		
Navient Student Loan Trust		
(Private Loans)		
Series 2014-AA A2A,		
2.74%, 2/15/29[b]	$ 27,579,765	$ 27,648,858
SLM Student Loan Trust		
(Private Loans)		
Series 2013-A A2A, 1.77%, 5/17/27[b]	41,081,906	41,045,733
Series 2012-B A2, 3.48%, 10/15/30[b]	14,569,681	14,634,913
Series 2013-C A2A,		
2.94%, 10/15/31[b]	27,391,279	27,569,191
Series 2012-E A2A, 2.09%, 6/15/45[b]	8,044,066	8,045,508
Series 2012-C A2, 3.31%, 10/15/46[b]	33,115,851	33,199,459
		152,143,662
		1,638,280,197
CMBS: 0.2%		
Agency CMBS: 0.2%		
Fannie Mae Multifamily DUS		
Pool AL6028, 2.70%, 7/1/21	2,275,240	2,294,047
Pool AL6455, 2.765%, 11/1/21	9,386,202	9,374,361
Pool AL6445, 2.58%, 1/1/22	8,535,017	8,542,575
Freddie Mac Multifamily Interest Only		
Series K055 X1, 1.368%, 3/25/26[e]	119,902,274	11,060,205
Series K056 X1, 1.267%, 5/25/26[e]	41,566,430	3,580,698
Series K057 X1, 1.193%, 7/25/26[e]	44,369,418	3,694,806
Series K064 X1, 0.609%, 3/25/27[e]	107,053,304	5,093,093
Series K065 X1, 0.675%, 4/25/27[e]	480,786,950	25,492,526
Series K066 X1, 0.753%, 6/25/27[e]	384,288,501	22,882,612
Series K067 X1, 0.579%, 7/25/27[e]	481,741,616	22,909,704
Series K069 X1, 0.369%, 9/25/27[e]	101,161,635	3,246,479
Series K070 X1, 0.327%, 11/25/27[e]	122,250,000	3,561,094
		121,732,200
MORTGAGE-RELATED: 32.9%		
Federal Agency CMO & REMIC: 3.2%		
Dept. of Veterans Affairs		
Series 1995-2D 4A, 9.293%, 5/15/25	95,752	110,721
Series 1997-2 Z, 7.50%, 6/15/27	6,804,965	7,637,719
Series 1998-2 2A, 8.839%, 8/15/27[e]	22,887	25,863
Series 1998-1 1A, 8.183%, 3/15/28[e]	163,170	182,262
Fannie Mae		
Trust 1998-58 PX, 6.50%, 9/25/28	271,890	299,998
Trust 1998-58 PC, 6.50%, 10/25/28	1,455,052	1,608,957
Trust 2001-69 PQ, 6.00%, 12/25/31	1,731,253	1,901,215
Trust 2002-33 A1, 7.00%, 6/25/32	1,935,752	2,263,322
Trust 2002-69 Z, 5.50%, 10/25/32	224,951	247,690
Trust 2008-24 GD, 6.50%, 3/25/37	795,831	869,425
Trust 2007-47 PE, 5.00%, 5/25/37	3,243,779	3,441,807
Trust 2009-53 QM, 5.50%, 5/25/39	1,567,492	1,648,588
Trust 2009-30 AG, 6.50%, 5/25/39	7,840,213	8,585,158
Trust 2009-40 TB, 6.00%, 6/25/39	3,566,114	3,848,799
Trust 2010-123 WT, 7.00%, 11/25/40	33,004,841	37,828,406
Trust 2001-T3 A1, 7.50%, 11/25/40	107,337	122,891
Trust 2001-T7 A1, 7.50%, 2/25/41	62,559	72,132
Trust 2001-T5 A2, 7.00%, 6/19/41[e]	41,224	44,422
Trust 2001-T5 A3, 7.50%, 6/19/41[e]	198,736	234,066
Trust 2011-58 AT, 4.00%, 7/25/41	8,571,544	8,984,334
Trust 2001-T4 A1, 7.50%, 7/25/41	1,800,958	2,092,296
Trust 2001-T10 A1, 7.00%, 12/25/41	2,054,415	2,384,976
Trust 2013-106 MA, 4.00%, 2/25/42	18,460,001	19,236,894
Trust 2002-90 A1, 6.50%, 6/25/42	4,275,992	4,888,146
Trust 2002-W6 2A1, 7.00%, 6/25/42[e]	2,420,421	2,758,394
Trust 2002-W8 A2, 7.00%, 6/25/42	1,370,283	1,586,048
Trust 2003-W2 1A2, 7.00%, 7/25/42	6,914,396	8,118,084
Trust 2002-T16 A3, 7.50%, 7/25/42	3,195,038	3,738,938
Trust 2003-W4 3A, 7.00%, 10/25/42[e]	2,027,672	2,299,556
Trust 2012-121 NB, 7.00%, 11/25/42	1,079,205	1,226,212

	PAR VALUE	VALUE
Trust 2003-7 A1, 6.50%, 12/25/42	$ 3,512,754	$ 3,944,960
Trust 2003-W1 2A, 7.50%, 12/25/42[e]	2,566,265	2,880,145
Trust 2004-T1 1A2, 6.50%, 1/25/44	2,129,071	2,408,144
Trust 2004-W2 2A2, 7.00%, 2/25/44	94,998	108,208
Trust 2004-W2 5A, 7.50%, 3/25/44	4,221,122	4,747,893
Trust 2004-W8 3A, 7.50%, 6/25/44	3,147,033	3,643,896
Trust 2004-W15 1A2, 6.50%, 8/25/44	752,499	852,417
Trust 2005-W1 1A3, 7.00%, 10/25/44	5,690,437	6,551,194
Trust 2001-79 BA, 7.00%, 3/25/45	648,105	742,244
Trust 2006-W1 1A1, 6.50%, 12/25/45	388,447	437,889
Trust 2006-W1 1A2, 7.00%, 12/25/45	2,677,551	3,084,327
Trust 2006-W1 1A3, 7.50%, 12/25/45	47,618	55,902
Trust 2006-W1 1A4, 8.00%, 12/25/45	3,222,563	3,770,637
Trust 2007-W10 1A,		
6.335%, 8/25/47[e]	10,297,731	11,277,513
Trust 2007-W10 2A,		
6.346%, 8/25/47[e]	3,132,549	3,427,626
USD LIBOR 1-month		
+0.55%, 2.102%, 9/25/43	37,633,463	38,040,883
USD LIBOR 1-Month		
+0.40%, 1.952%, 7/25/44	1,515,378	1,497,932
Freddie Mac		
Series 2456 CJ, 6.50%, 6/15/32	172,367	195,365
Series 3312 AB, 6.50%, 6/15/32	2,835,032	3,187,999
Series T-41 2A, 5.507%, 7/25/32[e]	223,310	242,709
Series 2587 ZU, 5.50%, 3/15/33	4,053,742	4,440,486
Series 2610 UA, 4.00%, 5/15/33	1,713,179	1,772,894
Series T-48 1A, 5.087%, 7/25/33[e]	2,579,348	2,787,319
Series 2708 ZD, 5.50%, 11/15/33	16,113,688	17,952,934
Series 3204 ZM, 5.00%, 8/15/34	7,362,671	7,913,416
Series 3330 GZ, 5.50%, 6/15/37	1,357,561	1,468,857
Series 3427 Z, 5.00%, 3/15/38	3,166,120	3,402,317
Series T-51 1A, 6.50%, 9/25/43[e]	57,689	65,990
Series 4283 DW, 4.50%, 12/15/43[e]	83,482,950	89,054,519
Series 4283 EW, 4.50%, 12/15/43[e]	49,111,825	52,298,755
Series 4281 BC, 4.50%, 12/15/43[e]	137,359,867	146,796,572
Series 4319 MA, 4.50%, 3/15/44[e]	26,919,213	28,864,931
USD LIBOR 1-month		
+0.53%, 2.007%, 8/15/43	68,670,022	68,945,028
Ginnie Mae		
USD LIBOR 1-Month		
+0.65%, 1.893%, 10/20/64	8,240,351	8,258,273
+0.63%, 1.873%, 4/20/65	11,729,515	11,745,208
+0.60%, 1.843%, 7/20/65	8,842,193	8,842,225
+0.60%, 1.843%, 8/20/65	8,251,832	8,251,955
+0.62%, 1.863%, 9/20/65	1,911,683	1,913,473
+0.75%, 1.993%, 11/20/65	33,356,298	33,576,459
+0.75%, 1.993%, 10/20/66	56,130,546	56,549,353
+0.57%, 1.813%, 9/20/67	34,846,345	34,993,254
USD LIBOR 12-Month		
+0.30%, 2.026%, 9/20/66	20,809,235	20,870,138
+0.25%, 1.957%, 2/20/67	20,571,052	20,617,325
+0.20%, 2.136%, 3/20/67	3,534,561	3,536,052
+0.30%, 2.10%, 4/20/67	25,019,650	25,182,022
+0.30%, 2.07%, 5/20/67	22,387,540	22,494,474
+0.20%, 2.099%, 5/20/67	49,364,038	49,374,784
+0.20%, 2.01%, 6/20/67	109,128,575	109,104,872
+0.20%, 1.93%, 8/20/67	24,434,904	24,401,429
+0.25%, 1.98%, 9/20/67	25,399,285	25,417,798
+0.27%, 2.02%, 9/20/67	72,183,317	72,320,805
+0.23%, 2.01%, 10/20/67	161,935,904	161,964,048
+0.23%, 2.01%, 10/20/67	78,411,015	78,408,090
+0.22%, 2.019%, 10/20/67	39,279,404	39,250,227
+0.25%, 2.03%, 10/20/67	49,992,416	50,057,002
+0.20%, 2.06%, 11/20/67	19,047,904	19,034,328
+0.22%, 2.06%, 11/20/67	22,540,853	22,546,619
+0.22%, 2.08%, 11/20/67	135,221,940	135,292,107
+0.18%, 2.12%, 12/20/67	34,845,000	34,798,722
		1,723,950,262

See accompanying Notes to Financial Statements

DEBT SECURITIES (continued)

	PAR VALUE	VALUE
Federal Agency Mortgage Pass-Through: 29.6%		
Fannie Mae, 15 Year		
6.00%, 2/1/18-3/1/23	$ 27,143,740	$ 28,417,812
6.50%, 4/1/18-12/1/19	2,651	2,669
5.50%, 12/1/18-7/1/25	99,323,937	104,221,357
4.00%, 9/1/25-5/1/29	203,856,036	212,269,762
5.00%, 9/1/25	39,501,725	41,691,126
3.50%, 10/1/25-2/1/31	919,141,766	949,245,492
4.50%, 3/1/29	25,470,784	26,876,852
Fannie Mae, 20 Year		
4.50%, 3/1/29-1/1/34	441,751,156	471,444,017
4.00%, 9/1/30-3/1/37	2,023,259,726	2,136,662,094
3.50%, 11/1/35-4/1/37	185,473,322	192,575,066
3.50%, 3/1/37	275,479,067	285,795,808
Fannie Mae, 30 Year		
6.00%, 11/1/28-2/1/39	112,191,027	127,259,246
7.00%, 4/1/32-2/1/39	67,440,141	78,514,122
6.50%, 12/1/32-8/1/39	45,959,850	51,918,018
5.50%, 2/1/33-11/1/39	168,998,472	187,266,857
4.50%, 11/1/35-11/1/47	2,812,760,568	3,006,803,990
4.50%, 2/1/47	240,303,104	255,882,190
4.50%, 6/1/47	278,796,582	297,057,923
5.00%, 7/1/37-7/1/40	27,614,846	29,825,397
4.00%, 10/1/40-8/1/41	53,971,675	56,720,946
Fannie Mae, 40 Year		
4.50%, 1/1/52-6/1/56	182,058,037	195,174,564
Fannie Mae, Hybrid ARM		
1-Year U.S. Treasury CMT		
+2.14%, 3.226%, 10/1/33	1,722,333	1,808,710
+2.14%, 3.243%, 8/1/34	522,044	550,361
+1.97%, 3.178%, 9/1/34	1,809,584	1,891,438
+2.29%, 3.293%, 1/1/36	13,503,660	14,264,964
+2.12%, 3.121%, 7/1/36	64,680	67,972
+2.14%, 3.113%, 12/1/36	2,283,579	2,401,223
USD LIBOR 12-Month		
+1.67%, 3.40%, 7/1/34	2,067,971	2,176,688
+1.36%, 3.111%, 10/1/34	1,148,326	1,190,717
+1.94%, 3.68%, 1/1/35	845,582	894,158
+1.40%, 3.148%, 4/1/35	2,587,488	2,686,630
+1.75%, 3.557%, 6/1/35	716,669	755,667
+1.40%, 3.15%, 7/1/35	805,192	833,091
+1.44%, 3.22%, 7/1/35	409,314	425,743
+1.54%, 3.336%, 7/1/35	1,224,610	1,277,329
+1.75%, 3.539%, 7/1/35	1,385,778	1,460,702
+1.40%, 3.152%, 8/1/35	4,129,404	4,312,953
+1.40%, 3.152%, 8/1/35	1,620,992	1,683,962
+1.75%, 3.503%, 8/1/35	2,574,032	2,705,527
+1.77%, 3.517%, 9/1/35	2,428,512	2,559,330
+1.60%, 3.352%, 10/1/35	2,674,705	2,800,804
+1.75%, 3.498%, 10/1/35	1,517,289	1,596,404
+1.62%, 3.374%, 12/1/35	829,377	867,745
+1.62%, 3.369%, 1/1/36	2,533,470	2,651,215
+1.71%, 3.443%, 1/1/36	3,782,713	3,981,031
+1.72%, 3.518%, 11/1/36	1,471,908	1,548,908
+1.74%, 3.493%, 12/1/36	809,524	849,177
+1.61%, 3.33%, 1/1/37	2,331,559	2,430,050
+2.02%, 3.741%, 2/1/37	4,966,819	5,254,603
+1.93%, 3.678%, 4/1/37	357,933	380,528
+1.19%, 2.94%, 8/1/37	118,088	118,061
+1.82%, 3.608%, 8/1/37	1,761,779	1,858,310
+1.49%, 3.276%, 11/1/37	488,267	505,463
+2.02%, 4.89%, 4/1/38	155,461	160,652
+1.73%, 3.494%, 5/1/38	130,100,002	136,664,771
+1.89%, 5.037%, 5/1/38	1,902,539	1,997,528
+1.87%, 3.622%, 9/1/38	835,528	880,561
+1.61%, 3.36%, 10/1/38	6,286,528	6,559,525
+1.70%, 3.459%, 10/1/38	3,696,473	3,869,252
+1.75%, 3.485%, 10/1/38	1,483,457	1,558,759
+1.74%, 3.772%, 6/1/39	$ 620,309	$ 652,666
+1.76%, 4.088%, 12/1/39	2,510,531	2,610,429
+1.71%, 2.607%, 4/1/42	11,889,446	12,245,186
+1.67%, 2.348%, 9/1/42	10,259,431	10,374,516
+1.68%, 2.479%, 11/1/42	9,532,778	9,767,772
+1.57%, 2.285%, 12/1/42	16,320,348	16,353,180
+1.59%, 2.384%, 2/1/43	16,252,932	16,392,629
+1.80%, 3.486%, 2/1/43	3,661,038	3,820,573
+1.56%, 2.279%, 5/1/43	3,673,758	3,676,493
+1.47%, 1.91%, 6/1/43	4,045,355	4,157,968
+1.44%, 1.924%, 9/1/43	8,655,768	8,863,990
+1.56%, 2.961%, 9/1/43	5,340,949	5,437,422
+1.56%, 3.267%, 9/1/43	3,065,173	3,124,887
+1.61%, 2.302%, 10/1/43	40,524,262	41,085,551
+1.54%, 2.649%, 11/1/43	13,362,582	13,577,650
+1.61%, 2.893%, 11/1/43	14,587,231	14,783,215
+1.56%, 3.131%, 12/1/43	6,557,518	6,710,787
+1.55%, 2.418%, 2/1/44	2,460,456	2,530,461
+1.59%, 2.704%, 2/1/44	5,714,021	5,795,611
+1.58%, 2.942%, 2/1/44	9,731,235	9,941,492
+1.56%, 2.702%, 4/1/44	16,144,093	16,575,441
+1.65%, 2.844%, 4/1/44	33,218,329	34,210,094
+1.59%, 2.948%, 4/1/44	6,376,490	6,512,789
+1.59%, 2.955%, 4/1/44	5,199,854	5,300,477
+1.58%, 3.189%, 4/1/44	21,296,790	21,749,172
+1.57%, 2.47%, 5/1/44	15,210,524	15,591,706
+1.56%, 3.039%, 5/1/44	25,864,097	26,417,935
+1.58%, 2.846%, 7/1/44	12,376,419	12,603,026
+1.59%, 2.867%, 7/1/44	17,169,229	17,529,143
+1.56%, 2.933%, 7/1/44	8,896,890	9,066,894
+1.59%, 2.955%, 7/1/44	5,540,037	5,632,247
+1.57%, 2.957%, 7/1/44	6,115,741	6,237,895
+1.58%, 3.086%, 7/1/44	13,463,027	13,737,689
+1.57%, 2.786%, 8/1/44	24,091,464	24,510,968
+1.58%, 2.79%, 8/1/44	10,400,575	10,583,016
+1.58%, 2.914%, 8/1/44	7,195,083	7,336,851
+1.57%, 3.012%, 8/1/44	8,131,923	8,303,613
+1.58%, 2.674%, 9/1/44	9,949,097	10,100,091
+1.58%, 2.764%, 9/1/44	11,315,704	11,504,218
+1.65%, 2.832%, 9/1/44	37,325,676	38,016,669
+1.58%, 2.866%, 9/1/44	5,577,927	5,685,257
+1.63%, 2.952%, 9/1/44	18,964,043	19,342,258
+1.59%, 2.991%, 9/1/44	8,232,611	8,373,175
+1.57%, 2.472%, 10/1/44	8,009,803	8,083,692
+1.60%, 2.606%, 10/1/44	7,679,664	7,781,572
+1.57%, 2.673%, 10/1/44	15,528,351	15,755,957
+1.57%, 2.748%, 10/1/44	34,256,617	34,837,319
+1.57%, 2.754%, 10/1/44	10,293,936	10,470,271
+1.58%, 2.79%, 10/1/44	18,654,058	19,032,562
+1.56%, 2.844%, 10/1/44	7,588,630	7,724,394
+1.60%, 2.848%, 10/1/44	16,301,343	16,651,676
+1.60%, 2.86%, 10/1/44	12,062,483	12,315,522
+1.58%, 2.905%, 10/1/44	5,291,811	5,385,162
+1.60%, 2.924%, 10/1/44	19,096,614	19,505,357
+1.56%, 2.959%, 10/1/44	10,859,800	11,074,982
+1.58%, 2.734%, 11/1/44	6,658,210	6,760,429
+1.60%, 2.797%, 11/1/44	8,962,324	9,112,338
+1.60%, 2.819%, 11/1/44	16,723,421	17,020,534
+1.58%, 2.847%, 11/1/44	19,515,721	19,888,156
+1.56%, 2.915%, 11/1/44	18,840,689	19,203,526
+1.57%, 2.926%, 11/1/44	16,086,396	16,387,659
+1.58%, 2.698%, 12/1/44	4,709,584	4,789,293
+1.59%, 2.715%, 12/1/44	5,994,406	6,081,526
+1.58%, 2.752%, 12/1/44	5,566,060	5,649,919
+1.57%, 2.761%, 12/1/44	34,503,780	35,068,508
+1.60%, 2.82%, 12/1/44	12,310,223	12,520,939
+1.59%, 2.988%, 12/1/44	9,726,764	9,911,541
+1.57%, 2.922%, 1/1/45	13,704,112	13,952,127
+1.58%, 2.749%, 2/1/45	18,142,588	18,416,698

DEBT SECURITIES (continued)

	PAR VALUE	VALUE
+1.57%, 3.009%, 3/1/45	$ 173,160,400	$ 176,731,015
+1.59%, 3.102%, 3/1/45	4,727,360	4,803,843
+1.61%, 2.578%, 4/1/45	6,074,817	6,128,296
+1.57%, 2.846%, 4/1/45	40,305,605	41,058,549
+1.60%, 2.643%, 8/1/45	14,063,524	14,205,464
+1.58%, 2.673%, 8/1/45	12,599,194	12,734,925
+1.59%, 2.829%, 10/1/45	29,079,025	29,466,452
+1.60%, 2.624%, 11/1/45	21,877,547	22,075,290
+1.61%, 2.917%, 3/1/46	6,022,028	6,102,962
+1.60%, 2.437%, 4/1/46	40,840,706	41,189,046
+1.59%, 2.679%, 4/1/46	7,028,886	7,093,429
+1.61%, 2.716%, 4/1/46	6,926,116	6,995,620
+1.58%, 2.802%, 4/1/46	18,252,927	18,471,551
+1.61%, 2.913%, 4/1/46	5,814,194	5,874,035
+1.58%, 2.499%, 5/1/46	11,177,438	11,305,233
+1.59%, 2.702%, 6/1/46	10,648,694	10,759,712
+1.60%, 2.758%, 6/1/46	3,635,345	3,680,379
+1.59%, 2.706%, 7/1/46	3,564,872	3,602,432
+1.62%, 2.308%, 12/1/46	9,201,834	9,176,383
+1.61%, 3.136%, 6/1/47	29,779,921	30,272,423
+1.61%, 3.188%, 6/1/47	33,819,221	34,415,943
+1.59%, 3.166%, 7/1/47	25,421,176	25,921,058
+1.61%, 3.177%, 7/1/47	10,043,213	10,218,207
+1.60%, 2.747%, 8/1/47	32,451,640	32,822,756
+1.61%, 3.024%, 8/1/47	9,842,318	9,976,730
+1.61%, 3.038%, 8/1/47	9,578,695	9,711,400
+1.59%, 3.215%, 8/1/47	13,172,164	13,434,510
+1.57%, 2.957%, 10/1/47	8,068,873	8,189,068
+1.61%, 3.092%, 10/1/47	12,022,555	12,201,816
+1.61%, 2.906%, 11/1/47	8,199,853	8,262,000
+1.59%, 3.004%, 11/1/47	20,095,711	20,414,786
USD LIBOR 6-Month		
+1.42%, 2.975%, 8/1/34	1,853,442	1,910,047
+1.50%, 2.995%, 1/1/35	1,384,073	1,428,505
+1.57%, 3.07%, 11/1/35	1,887,690	1,960,444
Freddie Mac, Hybrid ARM		
1-Year U.S. Treasury CMT		
+2.25%, 2.996%, 2/1/34	4,001,376	4,229,732
+2.25%, 3.50%, 11/1/34	1,154,373	1,215,945
+2.25%, 3.106%, 2/1/35	870,309	922,475
+2.13%, 2.875%, 4/1/35	644,201	670,138
+1.67%, 2.647%, 1/1/36	2,404,108	2,483,653
+2.25%, 3.106%, 1/1/36	5,458,972	5,762,573
USD LIBOR 12-Month		
+1.78%, 3.529%, 9/1/33	5,148,381	5,426,509
+1.80%, 3.548%, 8/1/34	822,348	867,123
+1.63%, 3.25%, 1/1/35	569,817	596,842
+1.79%, 3.522%, 3/1/35	1,114,932	1,176,744
+1.72%, 3.468%, 8/1/35	1,219,067	1,281,130
+1.87%, 3.62%, 8/1/35	2,277,032	2,403,510
+1.83%, 3.583%, 9/1/35	1,602,417	1,688,291
+1.63%, 3.375%, 10/1/35	1,970,622	2,059,375
+1.61%, 3.34%, 1/1/36	1,754,780	1,830,533
+1.89%, 3.624%, 4/1/36	2,957,427	3,126,154
+1.78%, 3.529%, 12/1/36	1,478,939	1,551,560
+1.77%, 3.398%, 1/1/37	2,362,064	2,484,959
+1.57%, 3.246%, 3/1/37	2,645,715	2,754,081
+1.57%, 3.292%, 4/1/37	1,349,621	1,407,197
+1.79%, 3.508%, 4/1/37	1,865,579	1,962,926
+1.63%, 3.436%, 5/1/37	2,497,795	2,611,382
+1.63%, 3.377%, 7/1/37	5,834,930	6,093,063
+2.09%, 3.835%, 10/1/37	114,694	120,906
+2.02%, 5.866%, 1/1/38	820,616	856,344
+1.62%, 3.314%, 2/1/38	7,784,943	8,125,726
+1.76%, 3.505%, 4/1/38	6,399,134	6,712,612
+1.86%, 3.581%, 4/1/38	8,694,305	9,162,750
+1.92%, 5.25%, 5/1/38	1,609,046	1,682,705
+1.68%, 3.44%, 6/1/38	$ 3,115,660	$ 3,258,995
+1.63%, 4.633%, 6/1/38	572,681	587,194
+1.74%, 3.48%, 10/1/38	598,789	627,576
+1.73%, 3.493%, 10/1/38	2,504,322	2,626,726
+1.78%, 4.099%, 11/1/39	1,814,283	1,903,777
+1.82%, 3.325%, 7/1/43	2,827,699	2,947,503
+1.71%, 2.432%, 8/1/43	43,606,483	44,971,136
+1.64%, 2.769%, 10/1/43	2,629,596	2,666,449
+1.59%, 2.933%, 1/1/44	5,071,231	5,162,391
+1.61%, 3.086%, 1/1/44	3,742,306	3,820,454
+1.62%, 2.884%, 2/1/44	10,907,587	11,122,241
+1.63%, 3.11%, 4/1/44	7,152,305	7,311,034
+1.64%, 3.123%, 4/1/44	3,585,952	3,666,297
+1.63%, 3.006%, 5/1/44	101,556,088	103,580,517
+1.62%, 2.805%, 6/1/44	7,804,628	7,954,580
+1.63%, 3.096%, 6/1/44	21,933,974	22,413,271
+1.62%, 3.043%, 7/1/44	7,606,722	7,755,461
+1.63%, 3.064%, 7/1/44	5,642,302	5,756,687
+1.61%, 2.845%, 8/1/44	9,150,237	9,308,677
+1.62%, 3.015%, 8/1/44	9,546,646	9,731,936
+1.63%, 3.081%, 8/1/44	11,330,137	11,570,522
+1.62%, 2.738%, 9/1/44	11,634,461	11,815,403
+1.62%, 2.762%, 9/1/44	13,585,885	13,833,986
+1.62%, 2.854%, 9/1/44	8,549,119	8,695,977
+1.62%, 2.782%, 10/1/44	6,359,389	6,473,881
+1.62%, 2.814%, 10/1/44	16,873,311	17,192,580
+1.61%, 2.856%, 10/1/44	14,787,188	15,039,699
+1.63%, 3.01%, 10/1/44	15,495,723	15,827,028
+1.63%, 3.012%, 10/1/44	14,707,873	15,026,172
+1.60%, 2.72%, 11/1/44	20,028,491	20,365,564
+1.63%, 2.751%, 11/1/44	7,563,566	7,667,631
+1.63%, 2.802%, 11/1/44	15,115,195	15,363,989
+1.61%, 2.884%, 11/1/44	9,421,938	9,579,899
+1.62%, 2.911%, 11/1/44	14,151,729	14,424,775
+1.61%, 2.924%, 11/1/44	8,294,809	8,447,158
+1.61%, 2.928%, 11/1/44	26,928,726	27,412,016
+1.63%, 2.937%, 11/1/44	11,302,700	11,502,932
+1.63%, 2.942%, 11/1/44	18,952,817	19,342,430
+1.60%, 2.964%, 11/1/44	6,746,987	6,874,496
+1.62%, 2.964%, 11/1/44	13,148,719	13,386,310
+1.63%, 2.784%, 12/1/44	4,762,414	4,822,959
+1.63%, 2.847%, 12/1/44	22,122,658	22,481,417
+1.62%, 2.89%, 12/1/44	14,674,843	14,961,543
+1.63%, 2.896%, 12/1/44	19,257,209	19,626,531
+1.62%, 2.939%, 12/1/44	9,468,822	9,628,161
+1.62%, 2.674%, 1/1/45	14,943,796	15,159,019
+1.63%, 2.828%, 1/1/45	11,170,073	11,369,136
+1.62%, 2.873%, 1/1/45	10,630,211	10,798,536
+1.62%, 2.901%, 1/1/45	18,371,383	18,678,221
+1.63%, 3.079%, 1/1/45	31,023,774	31,575,053
+1.62%, 2.922%, 2/1/45	16,128,821	16,389,166
+1.62%, 2.687%, 4/1/45	9,008,149	9,115,519
+1.63%, 2.606%, 5/1/45	50,099,604	50,514,409
+1.63%, 2.742%, 6/1/45	6,389,152	6,461,646
+1.63%, 2.638%, 8/1/45	13,007,609	13,117,132
+1.63%, 2.74%, 8/1/45	39,615,813	40,058,352
+1.60%, 2.786%, 8/1/45	11,066,844	11,203,065
+1.63%, 2.805%, 9/1/45	11,397,152	11,527,364
+1.63%, 2.73%, 5/1/46	259,783,148	262,585,429
+1.62%, 2.747%, 5/1/46	20,105,776	20,379,764
+1.62%, 2.642%, 7/1/46	28,065,474	28,271,251
+1.63%, 2.535%, 9/1/46	49,995,920	50,095,260
+1.63%, 3.161%, 6/1/47	14,376,163	14,597,965
+1.63%, 3.18%, 8/1/47	9,845,232	9,999,614
+1.64%, 3.106%, 10/1/47	10,054,398	10,189,221
+1.64%, 3.116%, 11/1/47	4,157,210	4,206,567

See accompanying Notes to Financial Statements

DEBT SECURITIES (continued)

	PAR VALUE	VALUE
USD LIBOR 6-Month		
+1.60%, 3.081%, 8/1/36	$ 2,356,360	$ 2,446,325
Freddie Mac Gold, 15 Year		
6.00%, 1/1/18-11/1/23	10,459,673	10,987,700
5.50%, 10/1/20-12/1/24	4,833,675	4,981,064
4.50%, 3/1/25-6/1/26	13,447,553	14,090,231
4.00%, 6/1/26-6/1/27	214,282,240	223,257,411
Freddie Mac Gold, 20 Year		
6.50%, 10/1/26	2,425,012	2,653,353
6.00%, 12/1/27	19,360,977	21,630,796
4.50%, 5/1/30-1/1/34	111,465,614	119,053,713
4.00%, 9/1/31-10/1/35	244,007,461	257,978,786
4.00%, 1/1/35	258,939,561	273,892,639
3.50%, 7/1/35-1/1/36	192,397,595	199,989,492
Freddie Mac Gold, 30 Year		
7.90%, 2/17/21	131,899	134,488
7.00%, 4/1/31-11/1/38	3,828,097	4,269,655
6.50%, 12/1/32-10/1/38	11,684,035	12,999,587
6.00%, 2/1/33-2/1/39	22,166,225	24,861,092
5.50%, 3/1/34-12/1/38	57,259,565	63,655,564
4.50%, 3/1/39-10/1/47	2,448,123,894	2,606,207,843
4.50%, 6/1/47	370,864,926	394,329,935
Ginnie Mae, 20 Year		
4.00%, 1/20/35	10,009,459	10,446,269
Ginnie Mae, 30 Year		
7.80%, 6/15/20-1/15/21	132,828	136,536
8.00%, 9/15/20	2,260	2,328
7.85%, 1/15/21	3,418	3,428
7.50%, 12/15/23-5/15/25	894,993	985,732
7.00%, 5/15/28	292,305	325,726
		16,074,319,171
Private Label CMO & REMIC: 0.1%		
GSMPS Mortgage Loan Trust		
Series 2004-4 1A4, 8.50%, 6/25/34[b]	3,776,342	4,313,959
Seasoned Credit Risk Transfer Trust		
Series 2017-4 M45T, 4.50%, 6/25/57	36,690,000	39,034,711
		43,348,670
		17,841,618,103
		19,601,630,500

CORPORATE: 34.4%

	PAR VALUE	VALUE
Financials: 12.9%		
Bank of America Corp.		
4.20%, 8/26/24	163,140,000	171,761,344
3.004%, 12/20/23[b][f]	391,866,000	392,817,004
4.25%, 10/22/26	157,024,000	165,432,571
6.625%, 5/23/36[a]	246,428,000	319,124,260
Barclays PLC (United Kingdom)		
4.375%, 9/11/24	239,204,000	245,048,239
4.836%, 5/9/28	48,925,000	50,908,998
BNP Paribas SA (France)		
4.25%, 10/15/24	379,446,000	400,500,184
4.375%, 9/28/25[b]	147,190,000	153,763,657
4.375%, 5/12/26[b]	112,772,000	117,891,150
4.625%, 3/13/27[b]	36,810,000	39,257,386
Boston Properties, Inc.		
5.875%, 10/15/19	48,079,000	50,675,806
5.625%, 11/15/20	79,385,000	85,852,353
4.125%, 5/15/21	52,852,000	55,233,581
3.85%, 2/1/23	76,031,000	79,196,284
3.125%, 9/1/23	19,500,000	19,650,565
3.80%, 2/1/24	64,024,000	66,333,019
3.20%, 1/15/25	42,125,000	41,980,775
3.65%, 2/1/26	19,580,000	19,886,101
Capital One Financial Corp.		
3.50%, 6/15/23	155,385,000	158,083,797
3.75%, 4/24/24	36,940,000	37,941,235
3.20%, 2/5/25	$ 67,240,000	$ 66,566,866
4.20%, 10/29/25	121,149,000	124,610,688
Cigna Corp.		
4.00%, 2/15/22	62,964,000	65,749,837
7.65%, 3/1/23	7,217,000	8,720,140
7.875%, 5/15/27	26,720,000	36,044,228
Citigroup, Inc.		
3.50%, 5/15/23	72,730,000	74,019,996
4.00%, 8/5/24	31,300,000	32,635,427
USD LIBOR 3-Month		
+1.70%, 3.116%, 5/15/18	79,070,000	79,499,982
+6.37%, 7.75%, 10/30/40[a]	387,793,025	425,331,390
Equity Residential		
4.75%, 7/15/20	5,200,000	5,480,999
4.625%, 12/15/21	108,687,000	116,407,559
3.00%, 4/15/23	47,300,000	47,849,458
3.375%, 6/1/25	77,890,000	79,408,015
HSBC Holdings PLC (United Kingdom)		
5.10%, 4/5/21	85,935,000	92,322,576
9.30%, 6/1/21	100,000	119,782
4.30%, 3/8/26	116,100,000	123,403,818
6.50%, 5/2/36	189,105,000	246,635,938
6.50%, 9/15/37	201,366,000	264,632,304
6.80%, 6/1/38	29,650,000	40,398,395
JPMorgan Chase & Co.		
3.375%, 5/1/23	92,238,000	93,742,496
4.125%, 12/15/26	106,000,000	111,790,049
4.25%, 10/1/27	95,322,000	101,283,365
8.75%, 9/1/30[a]	58,208,000	85,579,734
Lloyds Banking Group PLC (United Kingdom)		
4.50%, 11/4/24	218,317,000	229,027,529
4.582%, 12/10/25	69,101,000	72,438,246
4.65%, 3/24/26	118,232,000	124,810,347
Navient Corp.		
8.45%, 6/15/18	230,726,000	236,609,513
Royal Bank of Scotland Group PLC (United Kingdom)		
6.125%, 12/15/22	292,243,000	320,280,250
6.00%, 12/19/23	264,370,000	291,690,427
Unum Group		
7.19%, 2/1/28	11,295,000	13,573,833
7.25%, 3/15/28	25,060,000	31,454,556
6.75%, 12/15/28	8,107,000	9,923,453
Wells Fargo & Co.		
2.15%, 12/6/19	280,875,000	280,407,939
4.30%, 7/22/27	247,864,000	263,850,608
USD LIBOR 3-Month		
+0.65%, 2.159%, 12/6/19	135,850,000	137,117,131
		7,004,755,183
Industrials: 20.1%		
AT&T, Inc.		
8.25%, 11/15/31[b]	100,978,000	140,031,009
5.35%, 9/1/40	59,744,000	63,000,730
4.75%, 5/15/46	112,670,000	110,102,465
5.65%, 2/15/47	120,390,000	131,648,640
5.45%, 3/1/47	70,375,000	75,152,544
4.50%, 3/9/48	250,175,000	234,201,171
BHP Billiton, Ltd. (Australia)		
6.75%, 10/19/75[a][b][f]	111,122,000	129,744,936
Burlington Northern Santa Fe LLC[d]		
4.70%, 10/1/19	33,445,000	34,857,720
8.251%, 1/15/21	2,730,097	2,896,068
3.05%, 9/1/22	39,535,000	40,307,309
5.943%, 1/15/23	33,313	34,401
3.85%, 9/1/23	79,525,000	84,061,601

DEBT SECURITIES (continued)

	PAR VALUE	VALUE
5.72%, 1/15/24	$ 13,351,861	$ 14,624,491
5.342%, 4/1/24	4,070,855	4,392,344
5.629%, 4/1/24	16,984,374	18,352,244
5.996%, 4/1/24	34,098,558	37,914,555
3.442%, 6/16/28[(b)]	82,216,543	83,837,368
Cemex SAB de CV (Mexico)		
6.00%, 4/1/24[(b)]	113,175,000	119,682,562
5.70%, 1/11/25[(b)]	207,411,000	218,818,605
6.125%, 5/5/25[(b)]	105,300,000	112,355,100
7.75%, 4/16/26[(b)]	47,783,000	54,114,248
Charter Communications, Inc.		
8.75%, 2/14/19	130,460,000	139,090,423
8.25%, 4/1/19	237,543,000	253,863,382
5.00%, 2/1/20	20,700,000	21,601,518
4.125%, 2/15/21	33,095,000	34,077,866
4.00%, 9/1/21	40,609,000	41,820,720
4.908%, 7/23/25	122,505,000	130,216,074
4.20%, 3/15/28	68,500,000	67,979,605
6.55%, 5/1/37	46,188,000	54,285,468
6.75%, 6/15/39	112,072,000	134,381,486
6.484%, 10/23/45	206,766,000	240,890,038
5.375%, 5/1/47	57,310,000	58,714,543
Cox Enterprises, Inc.		
3.25%, 12/15/22[(b)]	110,233,000	110,434,708
2.95%, 6/30/23[(b)]	251,295,000	247,683,828
3.85%, 2/1/25[(b)]	263,159,000	269,230,081
3.50%, 8/15/27[(b)]	73,648,000	72,621,180
CRH PLC (Ireland)		
3.875%, 5/18/25[(b)]	196,754,000	205,335,034
CSX Corp.		
9.75%, 6/15/20	10,067,000	11,761,245
6.251%, 1/15/23	12,935,299	14,592,310
Dell Technologies, Inc.		
4.42%, 6/15/21[(b)]	61,430,000	64,005,124
5.45%, 6/15/23[(b)]	178,108,000	192,443,347
Dillard's, Inc.		
7.13%, 8/1/18	23,565,000	24,080,090
7.875%, 1/1/23	275,000	313,524
7.75%, 7/15/26	21,016,000	23,963,200
7.75%, 5/15/27	12,848,000	14,817,148
7.00%, 12/1/28	28,225,000	31,073,778
DowDuPont Inc.		
7.375%, 11/1/29	69,100,000	92,123,852
9.40%, 5/15/39	153,811,000	262,742,610
5.25%, 11/15/41	37,853,000	44,046,278
FedEx Corp.		
8.00%, 1/15/19	16,875,000	17,858,945
Ford Motor Credit Co. LLC[(d)]		
2.681%, 1/9/20	110,925,000	111,186,709
8.125%, 1/15/20	7,091,000	7,854,426
5.75%, 2/1/21	192,923,000	209,435,411
5.875%, 8/2/21	162,085,000	177,968,789
3.219%, 1/9/22	30,125,000	30,307,123
Imperial Brands PLC (United Kingdom)		
3.75%, 7/21/22[(b)]	124,595,000	128,740,834
4.25%, 7/21/25[(b)]	499,413,000	523,533,519
Kinder Morgan, Inc.		
4.30%, 6/1/25	119,770,000	124,727,864
6.50%, 2/1/37	50,861,000	59,483,181
6.95%, 1/15/38	92,139,000	114,485,795
6.50%, 9/1/39	72,546,000	85,559,615
5.00%, 8/15/42	57,054,000	57,908,603
5.00%, 3/1/43	71,101,000	72,114,835
5.50%, 3/1/44	80,632,000	85,821,424
5.40%, 9/1/44	66,004,000	69,727,833
Macy's, Inc.		
6.65%, 7/15/24	52,526,000	57,576,033
7.00%, 2/15/28	24,800,000	26,759,823

	PAR VALUE	VALUE
6.70%, 9/15/28	$ 34,115,000	$ 36,243,960
6.90%, 4/1/29	81,337,000	85,806,139
6.70%, 7/15/34	77,960,000	81,551,398
4.50%, 12/15/34	154,923,000	131,640,962
6.375%, 3/15/37	21,354,000	21,763,172
Naspers, Ltd. (South Africa)		
6.00%, 7/18/20[(b)]	220,010,000	236,194,816
5.50%, 7/21/25[(b)]	257,875,000	280,817,623
4.85%, 7/6/27[(b)]	71,502,000	74,141,568
Nordstrom, Inc.		
6.95%, 3/15/28	20,107,000	22,783,136
RELX PLC (United Kingdom)		
8.625%, 1/15/19	28,613,000	30,331,726
3.125%, 10/15/22	144,337,000	145,419,367
Telecom Italia SPA (Italy)		
6.999%, 6/4/18	165,232,000	168,280,530
7.175%, 6/18/19	200,711,000	213,004,549
5.303%, 5/30/24[(b)]	235,732,000	251,643,910
7.20%, 7/18/36	53,458,000	66,421,565
7.721%, 6/4/38	139,877,000	180,441,330
TransCanada Corp. (Canada)		
5.625%, 5/20/75[(a)(f)]	237,639,000	250,115,047
5.875%, 8/15/76[(a)(f)]	76,814,000	83,151,155
5.30%, 3/15/77[(a)(f)]	189,486,000	195,407,437
Twenty-First Century Fox, Inc.		
6.20%, 12/15/34	14,795,000	19,093,466
6.40%, 12/15/35	49,525,000	65,773,670
6.15%, 3/1/37	31,905,000	41,755,573
6.65%, 11/15/37	79,075,000	108,685,342
6.15%, 2/15/41	44,858,000	59,505,170
Ultrapar Participacoes SA (Brazil)		
5.25%, 10/6/26[(b)]	153,400,000	156,194,948
Union Pacific Corp.		
7.60%, 1/2/20	387,688	420,641
6.061%, 1/17/23	3,853,811	4,098,659
4.698%, 1/2/24	2,550,358	2,686,966
5.082%, 1/2/29	6,258,160	6,779,896
5.866%, 7/2/30	38,608,115	43,528,805
6.176%, 1/2/31	33,611,783	38,906,311
Verizon Communications, Inc.		
4.272%, 1/15/36	166,472,000	165,491,763
4.522%, 9/15/48	208,601,000	205,211,140
5.012%, 4/15/49	422,976,000	443,215,025
Xerox Corp.		
6.35%, 5/15/18	37,981,000	38,532,386
5.625%, 12/15/19	87,407,000	91,906,552
2.75%, 9/1/20	22,690,000	22,422,210
4.50%, 5/15/21	63,744,000	66,597,221
4.07%, 3/17/22	2,349,000	2,371,328
Zoetis, Inc.		
3.45%, 11/13/20	39,377,000	40,303,908
4.50%, 11/13/25	166,139,000	181,029,994
		10,889,039,697
Utilities: 1.4%		
Dominion Energy, Inc.		
2.962%, 7/1/19	10,000,000	10,076,472
4.104%, 4/1/21	97,451,000	101,402,844
5.75%, 10/1/54[(a)(f)]	232,036,000	250,598,880
Enel SPA (Italy)		
6.80%, 9/15/37[(b)]	159,830,000	213,594,664
6.00%, 10/7/39[(b)]	142,387,000	177,035,196
		752,708,056
		18,646,502,936
TOTAL DEBT SECURITIES		
(Cost $51,204,219,992)		**$ 52,605,365,674**

 See accompanying Notes to Financial Statements

SHORT-TERM INVESTMENTS: 2.6%

	SHARES/ PAR VALUE	VALUE
COMMERCIAL PAPER: 0.7%		
Anthem, Inc.		
1/23/18[b]	$ 75,000,000	$ 74,935,833
2/2/18[b]	21,750,000	21,722,933
Dominion Energy, Inc.		
1/19/18[b]	46,750,000	46,714,236
1/29/18[b]	63,500,000	63,423,447
Mondelez International, Inc.		
2/2/18[b]	175,250,000	175,012,136
		381,808,585
REPURCHASE AGREEMENT: 1.8%		
Fixed Income Clearing Corporation[c] 0.80%, dated 12/29/17, due 1/2/18, maturity value $949,272,372	949,188,000	949,188,000
MONEY MARKET FUND: 0.1%		
State Street Institutional Treasury Plus Money Market Fund	54,298,781	54,298,781
TOTAL SHORT-TERM INVESTMENTS (Cost $1,385,295,366)		**$ 1,385,295,366**
TOTAL INVESTMENTS (Cost $52,589,515,358)	99.5%	**$ 53,990,661,040**
OTHER ASSETS LESS LIABILITIES	0.5%	296,099,218
NET ASSETS	100.0%	$ 54,286,760,258

(a) Hybrid security

(b) 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 December 31, 2017, all such securities in total represented $6,480,044,720 or 11.9% 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.

(c) Repurchase agreement is collateralized by U.S. Treasury Notes 1.875%-7.25%, 4/30/22-10/31/22 and U.S. Treasury Inflation Indexed 0.125%, 4/15/22-7/15/22. Total collateral value is $968,179,830.

(d) Subsidiary (see below)

(e) Variable rate security: interest rate is determined by the interest rates of underlying pool of assets that collateralize the security. The interest rate of the security may change due to a change in the interest rates or the composition of underlying pool of assets. The interest rate shown is the rate as of period end.

(f) Variable rate security: fixed-to-float security pays an initial fixed interest rate and will pay a floating interest rate established at a predetermined time in the future. The interest rate shown is the rate as of period end.

(g) Inflation-linked

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. In determining a parent company's country designation, the Fund generally references the country of incorporation.

ARM: Adjustable Rate Mortgage
CMBS: Commercial Mortgage-Backed Security
CMO: Collateralized Mortgage Obligation
CMT: Constant Maturity Treasury
DUS: Delegated Underwriting and Servicing
GO: General Obligation
RB: Revenue Bond
REMIC: Real Estate Mortgage Investment Conduit

FUTURES CONTRACTS

Description	Number of Contracts	Expiration Date	Notional Amount	Value / Unrealized Appreciation (Depreciation)
10 Year U.S. Treasury Note—Short Position	3,517	Mar 2018	$(436,272,859)	$ 2,779,852
Ultra Long Term U.S. Treasury Bond—Short Position	1,922	Mar 2018	(322,235,313)	(1,539,775)
				$ 1,240,077

STATEMENT OF ASSETS AND LIABILITIES

	December 31, 2017
ASSETS:	
Investments in securities, at value (cost $52,589,515,358)	$53,990,661,040
Deposits with broker for futures contracts	10,804,553
Receivable for investments sold	33,168,943
Receivable for Fund shares sold	63,057,887
Interest receivable	375,929,410
Prepaid expenses and other assets	259,478
	54,473,881,311
LIABILITIES:	
Payable for variation margin for futures contracts	1,555,283
Payable for Fund shares redeemed	164,004,240
Management fees payable	18,359,350
Accrued expenses	3,202,180
	187,121,053
NET ASSETS	$54,286,760,258
NET ASSETS CONSIST OF:	
Paid in capital	$52,744,467,279
Undistributed net investment income	18,087,643
Undistributed net realized gain	121,819,577
Net unrealized appreciation	1,402,385,759
	$54,286,760,258
Fund shares outstanding (par value $0.01 each, unlimited shares authorized)	3,944,162,976
Net asset value per share	$ 13.76

STATEMENT OF OPERATIONS

	Year Ended December 31, 2017
INVESTMENT INCOME:	
Dividends	$ 28,952,405
Interest	1,593,092,442
	1,622,044,847
EXPENSES:	
Management fees	201,181,006
Custody and fund accounting fees	751,800
Transfer agent fees	8,301,507
Professional services	193,625
Shareholder reports	1,538,745
Registration fees	1,243,103
Trustees' fees	280,416
Miscellaneous	839,944
	214,330,146
NET INVESTMENT INCOME	1,407,714,701
REALIZED AND UNREALIZED GAIN (LOSS):	
Net realized gain (loss)	
Investments in securities	309,542,730
Futures contracts	(71,177,652)
Net change in unrealized appreciation/depreciation	
Investments in securities	510,829,588
Futures contracts	(12,355,215)
Net realized and unrealized gain	736,839,451
NET CHANGE IN NET ASSETS FROM OPERATIONS	$ 2,144,554,152

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31, 2017	Year Ended December 31, 2016
OPERATIONS:		
Net investment income	$ 1,407,714,701	$ 1,412,514,115
Net realized gain	238,365,078	179,878,274
Net change in unrealized appreciation/depreciation	498,474,373	843,698,150
	2,144,554,152	2,436,090,539
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(1,404,908,219)	(1,410,152,555)
Net realized gain	(140,759,824)	(62,011,941)
Total distributions	(1,545,668,043)	(1,472,164,496)
FUND SHARE TRANSACTIONS:		
Proceeds from sale of shares	14,912,910,845	11,299,892,007
Reinvestment of distributions	1,266,629,663	1,208,984,389
Cost of shares redeemed	(9,124,121,824)	(9,965,599,733)
Net change from Fund share transactions	7,055,418,684	2,543,276,663
Total change in net assets	7,654,304,793	3,507,202,706
NET ASSETS:		
Beginning of year	46,632,455,465	43,125,252,759
End of year (including undistributed net investment income of $18,087,643 and $15,281,161, respectively)	$54,286,760,258	$46,632,455,465
SHARE INFORMATION:		
Shares sold	1,083,349,260	830,115,244
Distributions reinvested	92,213,550	88,916,899
Shares redeemed	(663,262,463)	(732,099,399)
Net change in shares outstanding	512,300,347	186,932,744

See accompanying Notes to Financial Statements

NOTE 1—ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Dodge & Cox Income 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 January 3, 1989, and seeks high and stable current income consistent with long-term preservation of capital. 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 normally valued as of the 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.

Debt securities and derivatives traded over the counter are valued using prices received from independent pricing services which utilize dealer quotes, recent transaction data, pricing models, and other inputs to arrive at market-based valuations. 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. 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. Security values are not discounted based on the size of the Fund's position and may differ from the value a Fund receives upon sale of the securities. All securities held by the Fund are denominated in U.S. dollars.

If market quotations are not readily available or if normal valuation procedures produce valuations that are deemed unreliable or inappropriate under the circumstances existing at the time, the investment will be 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 and other investments when necessary. 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 net asset value 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.

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. Dividend income is recorded on the ex-dividend date.

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 Repurchase agreements are transactions under which a Fund purchases a security from a dealer counterparty and agrees to resell the security to that counterparty on a specified future date at the same price, plus a specified interest rate. The Fund's repurchase agreements are secured by U.S. government or agency securities. 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 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 in the Statement of Assets and Liabilities. A receivable and/or payable to brokers for daily variation margin is also recorded in 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 year ended December 31, 2017, these Treasury futures contracts had notional values ranging from 1% to 6% 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, forward exchange rates, 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 December 31, 2017:

Classification[a]	LEVEL 1 (Quoted Prices)	LEVEL 2 (Other Significant Observable Inputs)
Securities		
Debt Securities		
U.S. Treasury	$ —	$10,577,023,655
Government-Related	—	3,780,208,583
Securitized	—	19,601,630,500
Corporate	—	18,646,502,936
Short-term Investments		
Commercial Paper	—	381,808,585
Repurchase Agreement	—	949,188,000
Money Market Fund	54,298,781	—
Total Securities	$54,298,781	$53,936,362,259
Other Investments		
Futures Contracts		
Appreciation	$ 2,779,852	$ —
Depreciation	(1,539,775)	—

[a] There were no transfers between Level 1 and Level 2 during the year ended December 31, 2017. There were no Level 3 securities at December 31, 2017 and 2016, and there were no transfers to Level 3 during the year.

NOTE 3—RELATED PARTY TRANSACTIONS

Management fees Under a written agreement approved by a unanimous vote of the Board of Trustees, the Fund pays a management fee monthly at an annual rate of 0.50% of the Fund's average daily net assets up to $100 million and 0.40% of the Fund's average daily net assets in excess of $100 million to Dodge & Cox, investment manager of the Fund. The agreement further provides that Dodge & Cox shall waive its fee to the extent that such fee plus all other ordinary operating expenses of the Fund exceed 1% of the average daily net assets for the year.

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), derivatives, and Treasury Inflation-Protected Securities. At December 31, 2017, the cost of investments in securities and derivatives for federal income tax purposes was $52,591,193,948.

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Ordinary income	$ 1,404,908,219	$1,410,152,555
	($0.380 per share)	*($0.422 per share)*
Long-term capital gain	$ 140,759,824	$ 62,011,941
	($0.037 per share)	*($0.019 per share)*

At December 31, 2017, the tax basis components of distributable earnings were as follows:

Unrealized appreciation	$1,688,694,291
Unrealized depreciation	(287,987,122)
Net unrealized appreciation	1,400,707,169
Undistributed ordinary income	18,241,722
Undistributed long-term capital gain	123,344,088

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 year.

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 year ended December 31, 2017, the Fund's commitment fee amounted to $310,989 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 year.

NOTE 6—PURCHASES AND SALES OF INVESTMENTS

For the year ended December 31, 2017, purchases and sales of securities, other than short-term securities and U.S. government securities, aggregated $3,555,045,411 and $3,917,623,132, respectively. For the year ended December 31, 2017, purchases and sales of U.S. government securities aggregated $12,814,074,438 and $5,623,433,104, respectively.

NOTE 7—NEW ACCOUNTING GUIDANCE

In March 2017, the Financial Accounting Standards Board issued an update to amend the amortization period for certain purchased callable debt securities held at a premium. The amendments shorten the amortization period for premiums to the earliest call date, but do not require an accounting change for securities held at a discount. The amendments are effective for financial statements for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Management is evaluating the impact, if any, of this guidance on the Fund's financial statements and disclosures.

NOTE 8—SUBSEQUENT EVENTS

Fund management has determined that no material events or transactions occurred subsequent to December 31, 2017, and through the date of the Fund's financial statements issuance, which require additional disclosure in the Fund's financial statements.

FINANCIAL HIGHLIGHTS

SELECTED DATA AND RATIOS

(for a share outstanding throughout each year)	Year Ended December 31,				
	2017	2016	2015	2014	2013
Net asset value, beginning of year	$13.59	$13.29	$13.78	$13.53	$13.86
Income from investment operations:					
Net investment income	0.38	0.42	0.40	0.39	0.42
Net realized and unrealized gain (loss)	0.21	0.32	(0.48)	0.35	(0.33)
Total from investment operations	0.59	0.74	(0.08)	0.74	0.09
Distributions to shareholders from:					
Net investment income	(0.38)	(0.42)	(0.40)	(0.39)	(0.42)
Net realized gain	(0.04)	(0.02)	(0.01)	(0.10)	—
Total distributions	(0.42)	(0.44)	(0.41)	(0.49)	(0.42)
Net asset value, end of year	$13.76	$13.59	$13.29	$13.78	$13.53
Total return	4.36%	5.62%	(0.59)%	5.48%	0.64%
Ratios/supplemental data:					
Net assets, end of year (millions)	$54,287	$46,632	$43,125	$39,128	$24,654
Ratios of expenses to average net assets	0.43%	0.43%	0.43%	0.44%	0.43%
Ratios of net investment income to average net assets	2.80%	3.11%	2.97%	2.89%	3.00%
Portfolio turnover rate	19%	27%	24%	27%	38%

See accompanying Notes to Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of the Dodge & Cox Funds and Shareholders of Dodge & Cox Income Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Dodge & Cox Income Fund (one of the funds constituting Dodge & Cox Funds, referred to hereafter as the "Fund") as of December 31, 2017, the related statement of operations for the year ended December 31, 2017, the statement of changes in net assets for each of the two years in the period ended December 31, 2017, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2017 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2017, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2017 and the financial highlights for each of the five years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2017 by correspondence with the custodian, transfer agent and brokers. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
San Francisco, California
February 16, 2018

We have served as the auditor of one or more investment companies in the Dodge & Cox Funds since 1931.

BOARD APPROVAL OF FUNDS' INVESTMENT MANAGEMENT AGREEMENTS AND MANAGEMENT FEES

(unaudited)

The Board of Trustees is responsible for overseeing the performance of the Dodge & Cox Funds' investment manager and determining whether to continue the Investment Management Agreements between the Funds and Dodge & Cox each year (the "Agreements"). At a meeting of the Board of Trustees of the Trust held on December 14, 2017, the Trustees, by a unanimous vote (including a separate vote of those Trustees who are not "interested persons" (as defined in the Investment Company Act of 1940) (the "Independent Trustees")), approved the renewal of the Agreements for an additional one-year term through December 31, 2018 with respect to each Fund. During the course of the year, the Board received extensive information and materials relating to the investment management and administrative services provided by Dodge & Cox and the performance of each of the Funds.

INFORMATION RECEIVED

In 2016 and 2017, the Board requested, received, and discussed a number of special presentations on topics relevant to their consideration of the proposed renewal of the Funds' Agreements. In addition to the foregoing and in advance of the meetings referred to below, the Board, including the Independent Trustees, requested, received, and reviewed materials relating to the Agreements and the services provided by Dodge & Cox. The Independent Trustees retained Morningstar to prepare an independent expense and performance summary for each Fund and comparable funds managed by other advisers identified by Morningstar. The Morningstar materials included information regarding advisory fee rates, expense ratios, and transfer agency, custodial, and distribution expenses, as well as performance comparisons to each Fund's peer group and to a broad-based securities index or combination of indices. The Morningstar materials also included a comparison of expenses of various share classes offered by comparable funds. The materials reviewed by the Board contained information concerning, among other things, Dodge & Cox's profitability, financial results and condition, advisory fee revenue, and separate account fee schedules. The Board additionally considered the Funds' brokerage commissions, turnover rates, sales and redemption data, and the significant investment that Dodge & Cox makes in research used in managing the Funds. The Board received and reviewed memoranda and related materials addressing, among other things, Dodge & Cox's services to the Funds; how Dodge & Cox Funds' fees compare to fees of peer group funds; the different fees, services, costs, and risks associated with other accounts managed by Dodge & Cox as compared to the Dodge & Cox Funds; and the ways in which the Funds realize economies of scale. Throughout the process of reviewing the services provided by Dodge & Cox and preparing for the meeting, the Independent Trustees found Dodge & Cox to be open, forthright, detailed, and very helpful in answering questions about all issues. The Board received copies of the Agreements and a memorandum from the independent legal counsel to the Independent Trustees discussing the factors generally regarded as appropriate to consider in evaluating advisory arrangements. The Trust's Contract Review Committee, consisting solely of Independent Trustees, met with the independent legal counsel on November 9, 2017 and again on December 14, 2017 to discuss whether to renew the Agreements. The Board, including the Independent Trustees, subsequently concluded that the existing Agreements are fair and reasonable and voted to approve the Agreements. In considering the Agreements, the Board, including the Independent Trustees, did not identify any single factor or particular information as all-important or controlling. In reaching the decision to approve the Agreements, the Board considered several factors, discussed below, to be key factors and reached the conclusions described below.

NATURE, QUALITY, AND EXTENT OF THE SERVICES

The Board considered that Dodge & Cox provides a wide range of services to the Funds in addition to portfolio management. The extensive nature of services provided by Dodge & Cox has been documented in materials provided to the Board and in presentations made to the Board throughout the year. In particular, the Board considered the nature, quality, and extent of portfolio management, administrative, and shareholder services performed by Dodge & Cox. With regard to portfolio management services, the Board considered Dodge & Cox's established long-term history of care and conscientiousness in the management of the Funds; its demonstrated consistency in investment approach and depth; the background and experience of the Dodge & Cox U.S. Equity Investment Committee, International Equity Investment Committee, Global Equity Investment Committee, U.S. Fixed Income Investment Committee, and Global Fixed Income Investment Committee, and research analysts responsible for managing the Funds; Dodge & Cox's methods for assessing the regulatory and investment climate in various jurisdictions; its overall high level of attention to its core investment management function; and its commitment to the Funds and their shareholders. The Board also considered analysis provided by Morningstar regarding the degree of active management in the Dodge & Cox equity funds and concluded that Dodge & Cox is an active, high conviction manager of equity portfolios, not a "closet index" manager.

In the area of administrative and shareholder services, the Board considered the quality of Dodge & Cox's work in areas such as compliance, legal services, trading, operations, proxy voting, technology, oversight of the Funds' transfer agent and custodian/fund accounting agent, tax compliance, risk management, shareholder support, and shareholder communication through its website and other means. The Board also noted Dodge & Cox's disclosure policy, its compliance record, and its reputation as a trusted, shareholder-friendly mutual fund family.

In addition, the Board considered that Dodge & Cox manages approximately $200 billion in Fund assets with fewer professionals than most comparable funds, and that on average these professionals have more experience and longer tenure than investment professionals at comparable funds. The Board also noted that Dodge & Cox is an investment research-oriented firm with no other business endeavors to distract management's attention from its research efforts or to present material conflicts of interest with the operations of the Funds, that its investment professionals adhere to a consistent investment approach across the Funds, and that due to its careful and deliberate strategy with respect to new products, Dodge & Cox has had remarkable stability in its mutual fund product offerings over the course of the past 87 years and has the fewest funds of any of the 25 largest mutual fund families by assets. The Board further considered the "Gold" analyst rating awarded by Morningstar to all of the Funds (other than the Global Bond Fund). The Board concluded that it was satisfied with the nature, extent, and quality of investment management and other services provided to the Funds by Dodge & Cox.

INVESTMENT PERFORMANCE

The Board considered short-term and long-term investment performance for each Fund (including periods of outperformance or underperformance) as compared to both relevant indices and the performance of such Fund's peer group. In assessing the performance of the Funds, the Board considered the Funds' investment returns over various periods and the volatility thereof and concluded that the levels experienced were consistent with Dodge & Cox's long-term approach and active investment style. The Board determined after extensive review and inquiry that Dodge & Cox's historic, long-term, team-oriented, bottom-up investment approach remains consistent and that Dodge & Cox continues to be distinguished by its integrity, transparency, and independence. The Board considered that the performance of the Funds is the result of a value-oriented investment management process that emphasizes a long-term investment horizon, comprehensive independent research, a team approach, price discipline, low cost, and low portfolio turnover. The Board also considered that the investment performance delivered by Dodge & Cox to the Funds appeared to be consistent with the relevant performance delivered for other clients of Dodge & Cox. The Board concluded that Dodge & Cox has delivered favorable long-term performance for Fund investors consistent with the long-term investment strategies being pursued by the Funds.

COSTS AND ANCILLARY BENEFITS

Costs of Services to Funds: Fees and Expenses. The Board considered each Fund's management fee rate and expense ratio relative to each Fund's peer group and relative to management fees charged by Dodge & Cox to other clients. In particular, the Board considered that the Funds continue to be below their peer group median in expense ratios and that many media and industry reports specifically comment on the low cost of the Funds, which have been a defining characteristic of the Funds for many years. The Board also evaluated the operating structures of the Funds and Dodge & Cox, noting that the Funds do not charge front-end sales commissions or distribution fees, and Dodge & Cox bears, among other things, the significant cost of third party research, reimbursement for shareholder recordkeeping and administrative costs to third-party retirement plan administrators, and administrative and office overhead. The Board noted that expenses are well below industry averages.

When compared to peer group funds, the Funds are in the quartile with the lowest expense ratios. The Board also considered that the Funds receive numerous administrative, regulatory compliance, legal, operational, technology, tax compliance, risk management, and shareholder support services from Dodge & Cox without any additional administrative fee and that the Funds have relatively low transaction costs and portfolio turnover rates. The Board noted the Funds' unusual single-share-class structure and reviewed Morningstar data (including asset-weighted average expense ratios) showing that the few peer group funds with lower expense ratios often have other share classes with significantly higher expense ratios than the Funds'. In this regard, the Board considered that many of the Funds' shareholders would not be eligible to purchase comparably priced shares of many peer group funds, which typically make their lower-priced share classes available only to institutional investors. The Board determined that the Funds provide access for small investors to high quality investment management at a relatively low cost. The Board also considered that the Funds are priced to scale, i.e., management fee rates begin at relatively low levels with the result that, even without breakpoints, the Funds' management fee rates are lower than those of many peer funds whose fee schedules include breakpoints. With respect to non-U.S. funds sponsored and managed by Dodge & Cox that are comparable to the Funds in many respects, the Board noted that the fee rates charged by Dodge & Cox are the same as or higher than the fee rates charged to the Funds.

The Board reviewed information regarding the fee rates Dodge & Cox charges to separate accounts that have investment programs similar to those of the Funds, including instances where separate account fees are lower than Fund fees. The Board considered the significant differences in the nature and scope of services Dodge & Cox provides to the Funds as compared to other client accounts, as well as material differences in regulatory, litigation, and other risks as between Dodge & Cox Funds and other types of clients. The Board noted that different markets exist for mutual fund and institutional separate account management services and that a comparison of Fund fee rates and separate account fee rates must consider the fact that separate account clients bear additional costs and responsibilities that are included in the cost of a Fund. The Board further noted that many sophisticated institutional investors in the Funds that are eligible to open separate accounts at Dodge & Cox have decided for various reasons to invest in the Funds. After consideration of these matters, the Board concluded that the overall costs incurred by the Funds for the services they receive (including the management fee paid to Dodge & Cox) are reasonable and that the fees are acceptable based upon the qualifications, experience, reputation, and performance of Dodge & Cox and the low overall expense ratios of the Funds.

Profitability and Costs of Services to Dodge & Cox; "Fall-out" Benefits. The Board reviewed reports of Dodge & Cox's financial position, profitability, and estimated overall value and considered Dodge & Cox's overall profitability within its context as a private, employee-owned S-Corporation and relative to the favorable services provided. The Board noted in particular that Dodge & Cox's profits are not generated by high fee rates, but reflect an extraordinarily streamlined, efficient, and focused business approach toward investment management.

The Board recognized the importance of Dodge & Cox's profitability—which is derived solely from management fees and does not include other business ventures—to maintain its independence, stability, company culture and ethics, and management continuity. The Board also considered that the compensation/profit structure at Dodge & Cox includes a return on shareholder employees' investment in the firm, which is vital for remaining independent and facilitating retention of management and investment professionals. The Board also considered that in January 2015, Dodge & Cox closed the International Stock Fund to new investors to proactively manage the growth of the Fund. The Stock Fund and Balanced Fund were similarly closed to new investors during periods of significant growth in the past. While these actions are intended to benefit existing Fund shareholders, the effect is to reduce potential revenues to Dodge & Cox from new shareholders.

The Board also considered potential "fall-out" benefits (including the receipt of research from unaffiliated brokers and reputational benefits to non-U.S. funds sponsored and managed by Dodge & Cox) that Dodge & Cox might receive as a result of its association with the Funds and determined that they are acceptable. The Board also noted that Dodge & Cox continues to invest substantial sums in its business in order to provide enhanced services, systems, and research capabilities, all of which benefit the Funds. The Board concluded that Dodge & Cox's profitability is the keystone of its independence, stability, and long-term investment performance and that the profitability of Dodge & Cox's relationship with the Funds (including fall-out benefits) is fair and reasonable.

ECONOMIES OF SCALE

The Board considered whether there have been economies of scale with respect to the management of each Fund, whether the Funds have appropriately benefited from any economies of scale, and whether the management fee rate is reasonable in relation to the level of Fund assets and any economies of scale that may exist. In the Board's view, any consideration of economies of scale must take account of the Funds' low fee and expense structure and of the fact that each Fund's shareholders have benefited from the Fund's relatively low fee structure from the time of each Fund's inception (i.e., from the first dollar). An assessment of economies of scale must also take into account that Dodge & Cox invests significant time and resources in each new Fund for months (and sometimes years) prior to launch; in addition, in a Fund's early periods of operations, expenses are capped, which means that Dodge & Cox subsidizes the operations of a new Fund for a period of time until it reaches scale. The Board also observed that, while total Fund assets have grown significantly over the long term, this growth has not been continuous or evenly distributed across all of the Funds (for example, the total assets of the Balanced Fund have actually declined over the past ten years).

In addition, the Board noted that Dodge & Cox has shared the benefits of economies of scale with the Funds by adding and enhancing services to the Funds over time, and that Dodge & Cox's internal costs of providing investment management, technology, administrative, legal, and compliance services to the Funds continue to increase. For example, Dodge & Cox has increased its global research staff and investment resources over the years to add important new capabilities for the benefit of Fund shareholders and to address the increased complexity of investing in multinational and non-U.S. companies. In addition, Dodge & Cox has made substantial expenditures in other staff, technology, and infrastructure to enable it to integrate credit and equity analyses and to implement its strategy in a more effective and secure manner. Over the last ten years, Dodge & Cox has increased its spending on research, investment management, client servicing, cybersecurity, technology, third party research, data services, and computer systems for trading, operations, compliance, accounting, and communications at a rate that has significantly outpaced the Funds' growth rate during the same period. The Board considered that Dodge & Cox has a history of voluntarily limiting asset growth in several Funds that experienced significant inflows by closing them to new investors in order to protect the Funds' ability to achieve good investment returns for shareholders. The Board also observed that, even without fee breakpoints, the Funds are competitively priced in a very competitive market and that having a low fee from inception is better for shareholders than starting with a higher fee and adding breakpoints. The Board also noted that there are certain diseconomies of scale associated with managing large funds, insofar as certain of the costs and risks associated with portfolio management increase as assets grow. The Board concluded that the current Dodge & Cox fee structure is fair and reasonable and adequately shares economies of scale that may exist.

CONCLUSION

Based on their evaluation of all material factors and assisted by the advice of independent legal counsel to the Independent Trustees, the Board, including the Independent Trustees, concluded that the advisory fee structure was fair and reasonable, that each Fund was paying a competitive fee for the services provided, that Dodge & Cox's services have provided value for Fund shareholders over the long term, and that approval of the Agreements was in the best interests of each Fund and its shareholders.

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 Securities and Exchange Commission (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 800-SEC-0330. 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 web site 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.

DODGE & COX FUNDS—EXECUTIVE OFFICER & TRUSTEE INFORMATION

Name (Age) and Address*	Position with Trust (Year of Election or Appointment)	Principal Occupation During Past 5 Years	Other Directorships Held by Trustees
INTERESTED TRUSTEES AND EXECUTIVE OFFICERS			
Charles F. Pohl (59)	Chairman and Trustee (Since 2014)	Chairman (since 2013) and Director of Dodge & Cox; Chief Investment Officer, member of U.S. Equity Investment Committee (USEIC), Global Equity Investment Committee (GEIC), International Equity Investment Committee (IEIC), and U.S. Fixed Income Investment Committee (USFIIC), Portfolio Manager, and Investment Analyst; Co-President (2011-2013)	—
Dana M. Emery (56)	President and Trustee (Trustee since 1993) (President since 2014)	Chief Executive Officer (since 2013), President, and Director of Dodge & Cox; Director of Fixed Income and member of USFIIC and Global Fixed Income Investment Committee (GFIIC); Co-President (2011-2013)	—
Diana S. Strandberg (58)	Senior Vice President (Since 2006)	Senior Vice President and Director of Dodge & Cox; Director of International Equity and member of USEIC, GEIC, IEIC and GFIIC; Portfolio Manager and Investment Analyst	—
Roberta R.W. Kameda (57)	Secretary (Since 2017)	Vice President, General Counsel, and Secretary (since 2017) of Dodge & Cox	—
David H. Longhurst (60)	Treasurer (Since 2006)	Vice President and Assistant Treasurer of Dodge & Cox	—
Katherine M. Primas (43)	Chief Compliance Officer (Since 2010)	Vice President and Chief Compliance Officer of Dodge & Cox	—
INDEPENDENT TRUSTEES			
Caroline M. Hoxby (51)	Trustee (Since 2017)	Professor of Economics, Stanford University; Director of the Economics of Education Program, National Bureau of Economic Research; Senior Fellow, Hoover Institution and Stanford Institute for Economic Policy Research	—
Thomas A. Larsen (68)	Trustee (Since 2002)	Senior Counsel of Arnold & Porter (law firm) (since 2013); Partner of Arnold & Porter (until 2012); Director of Howard, Rice, Nemerovski, Canady, Falk & Rabkin (1977-2011)	—
Ann Mather (57)	Trustee (Since 2011)	CFO, Pixar Animation Studios (1999-2004)	Director, Alphabet Inc. (internet information services) (since 2005); Director, Glu Mobile, Inc. (multimedia software) (since 2004); Director, Netflix, Inc. (internet television) (since 2010); Director, Arista Networks (cloud networking) (since 2013); Director, Shutterfly, Inc. (internet photography services/publishing) (since 2013)
Robert B. Morris III (65)	Trustee (Since 2011)	Advisory Director, The Presidio Group (2005-2016); Partner and Managing Director—Global Investment Research at Goldman Sachs (until 2001)	—
Gary Roughead (66)	Trustee (Since 2013)	Robert and Marion Oster Distinguished Military Fellow, Hoover Institution (since 2012); Admiral, United States Navy (Ret.); U.S. Navy Chief of Naval Operations (2008-2011)	Director, Northrop Grumman Corp. (global security) (since 2012); Director, Maersk Line, Limited (shipping and transportation) (since 2016)
Mark E. Smith (66)	Trustee (Since 2014)	Executive Vice President, Managing Director—Fixed Income at Loomis Sayles & Company, L.P. (2003-2011)	—
John B. Taylor (71)	Trustee (Since 2005) (and 1995-2001)	Professor of Economics, Stanford University (since 1984); Senior Fellow, Hoover Institution (since 1996); Under Secretary for International Affairs, United States Treasury (2001-2005)	—

* The address for each Officer and Trustee is 555 California Street, 40th Floor, San Francisco, California 94104. Each Officer and Trustee oversees all six series in the Dodge & Cox Funds complex and serves for an indefinite term.

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.

Income Fund

dodgeandcox.com

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

or write or call:

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