Dodge & Cox Funds®

International Stock Fund

TO OUR SHAREHOLDERS

The Dodge & Cox International Stock Fund had a total return of 23.9% for the year ended December 31, 2017, compared to a return of 25.0% for the MSCI EAFE (Europe, Australasia, Far East) Index.

MARKET COMMENTARY

Global equity markets delivered exceptionally strong performance in 2017. Every sector of the MSCI EAFE posted double-digit positive returns. Information Technology (up 39%) and Materials (up 34%) were the best-performing sectors of the MSCI EAFE, while the worst performers—Telecommunication Services (up 13%) and Health Care (up 17%)—still registered substantial gains.

Over the past decade, U.S. equity markets largely outperformed international markets because of higher U.S. corporate earnings growth, valuation expansion, and U.S. dollar appreciation that diminished international returns as measured in U.S. dollars. However, this trend reversed in 2017, as international equities outperformed U.S. markets: the MSCI Emerging Markets Index was up 37% and the MSCI EAFE increased 25%, while the S&P 500 Index rose nearly 22%. International equities benefited recently from increased earnings growth and a weaker U.S. dollar.

The valuation differential between U.S. equities and international markets continues to be wide. At year end, the MSCI EAFE traded at 15 times forward estimated earnings and the MSCI Emerging Markets traded at 13 times, compared to 20 times for the S&P 500.[a]

INVESTMENT STRATEGY: FINDING OPPORTUNITIES IN HEALTH CARE AND ENERGY

Dodge & Cox employs a long-term, valuation-oriented investment approach. We analyze each company using a three- to five-year time horizon. We concentrate our research on how a company's fundamentals—the strength of the business franchise, its growth prospects, competitive positioning, and earnings power—could evolve over time. We then compare those fundamentals to the current valuation to identify potential price disparities.

Experience has taught us that share prices fluctuate more in the short term than underlying fundamentals. Those fluctuations provide us the opportunity to buy, sell, and adjust individual portfolio holdings. During 2017, we shifted away from areas of the market that performed very well and where valuations expanded, trimming selected holdings in the Financials and Information Technology sectors, as well as in Japan. We also reduced the Fund's weighting in Chinese internet holdings, which were highlighted in our last letter for their excellent growth prospects. Our view of their fundamentals has not changed, but rising valuations led us to trim Tencent (through Naspers), JD.com, and Baidu; in addition, we sold 58.com.[b] We reinvested most of the proceeds into the Health Care and Energy sectors, where valuations are more appealing.

Health Care

Pharmaceutical companies, which comprise the majority of the investable Health Care sector, are an attractive area of the international market at 16 times forward earnings. Many of these companies are stable businesses with strong balance sheets and have growth potential from both new discoveries and expansion into emerging markets. In comparison, Consumer Staples, a large underweight for the Fund, has some similar characteristics yet trades at 20 times forward earnings.

The Pharmaceuticals industry does face some challenges. For many companies, the United States is the largest market by revenue and earnings. As a result of industry consolidation and higher market shares, U.S. pharmacy benefit managers continue to exert increased pricing pressure on drug manufacturers. We have incorporated these risks into our analysis, but we believe current valuations help mitigate the downside potential of these investments. During 2017, we added to all of the Fund's Health Care holdings. At year end, Health Care represented 15.5% of the Fund, compared to 10.1% for the MSCI EAFE.

GlaxoSmithKline

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

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

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

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

In the second half of 2017, however, we built a position in GlaxoSmithKline again based on a more favorable fundamental long-term outlook and a lower valuation (12 times forward earnings). In the respiratory care division, declines in Advair sales should be offset by new drugs, aided by a new inhaler. The HIV segment is growing at healthy rates due to increased adoption of Dolutegravir, a drug that blocks an enzyme needed for HIV to replicate. Combined with continued growth in vaccines and consumer health, the company should achieve modest earnings growth. Meanwhile, the management team has also been revamped. The new CEO is focusing on renewing the pharmaceutical pipeline and has brought in a well-regarded head of research and development to lead that effort. Improvements in the drug pipeline will take time to manifest, but in the meantime, the company continues to generate stable cash flow and has an attractive 6% dividend yield. On December 31, GlaxoSmithKline was a 1.9% position in the Fund.

Energy

We discussed Energy in our last letter, noting that it was the worst-performing sector in the first half of 2017. Oil prices declined 16% in the first half but rebounded 40% in the second half. Unfortunately, the Fund's holdings underperformed those in the MSCI EAFE Energy sector for the year. Specifically, our overweight in the Energy Equipment & Services (Oil Services) industry (2.7% compared to 0.1% for the MSCI EAFE) hurt performance, as Oil Services was down 23% compared to the overall Energy sector up 22%.

The Fund's largest investment in Oil Services is Schlumberger (a 2.1% position), which is the industry's leading global player. As highlighted in our last letter, the stock price declined 22% in the first half, and we added to the position during the second quarter. The shares have remained weak—up only 4% in the second half—because a recovery in its international markets has not yet materialized. Since the current industry downturn started in 2014, the management team has done a remarkable job strengthening its business franchise through organic investments and selected acquisitions. We believe Schlumberger should benefit directly as higher oil prices spur producers to ramp up their investment in exploration and production.

We maintain our long-term view that Energy is an attractive area of the market. Demand growth continues to be substantial, and the dearth of investment in new supply over the past few years generates conditions that are supportive of higher oil prices in the longer term. We conduct ongoing research to test this thesis and recently met with industry executives and experts in Houston and the Middle East. One topic we focused on was U.S. shale oil, whose growth has surprised and disrupted the oil markets. Production of shale oil in the United States has increased to six million barrels a day from virtually nothing a decade ago, out of a global total of 98 million barrels a day. The key growth driver is the prodigious Permian Basin in Texas and New Mexico, which has altered the global cost curve because it can be economically viable at low oil prices. Our recent meetings reaffirmed that development costs are rising with more activity in the basin and that other global sources of new supply are likely needed to satisfy demand. Our research also reinforced the importance of investing in oil producers, such as Suncor Energy, whose assets are on the low end of the cost curve and whose management teams are investing counter-cyclically.

Suncor Energy

Suncor, a 1.9% position, is an integrated Canadian oil producer with most of its production coming from mining oil sands. We initially purchased the stock in the summer of 2016, as we viewed the valuation to be attractive relative to the business prospects. Oil sands require large upfront capital expenditures but can produce for decades at relatively low ongoing costs. Suncor's assets generate free cash flow across a wide range of oil prices. These characteristics, along with Suncor's strong balance sheet, provide the company staying power through the oil cycle. In addition, Suncor's management has a track record of counter-cyclical capital allocation. When oil prices were high, management was disciplined and returned capital to shareholders through dividends and share buybacks. When oil prices declined, management opportunistically increased its ownership stake in a major oil sands asset called Syncrude. We added to our position in 2017 and view the company as offering a compelling combination of growth, resilience, and return of capital to shareholders.

Altice

Investing too early is a risk in implementing our value-oriented investment strategy. We may be attracted to a company because of its low valuation and the prospect of improving fundamentals, but we may inaccurately gauge the path and time needed to bring about that change in fundamentals. A case in point is Altice, which significantly detracted from performance in 2017.

Altice is a cable and telecommunications operator with major assets in Western Europe and the United States. Through a series of levered acquisitions, the company owns the second largest telecom company in France (SFR), U.S. cable operators

Cablevision and Suddenlink, and the incumbent telecom company in Portugal (Portugal Telecom). Altice is led by founder Patrick Drahi, who established a reputation for successfully consolidating the French cable market and improving profitability by re-engineering the cost structure of those businesses. We first bought Altice in early 2016. The valuation had declined due to skepticism about its recently announced Cablevision acquisition and high customer churn at SFR. We thought that was a good entry point given the significant opportunity to cut costs and improve operations at the recently acquired businesses.

Through the second quarter of 2017, the stock had appreciated 80% since our initial purchase. However, the company then reported disappointing third quarter results, with deteriorating revenue trends in France, Portugal, and U.S.-based Suddenlink. Because the company has high financial leverage, the impact on the stock was substantial—it was down 44% between the release of third quarter results and year end.

In these situations, we are careful not to be knee-jerk sellers or buyers. We concentrate our efforts on retesting the assumptions underlying our thesis. For Altice, management's ability to improve revenue trends and cut costs is critical. Mr. Drahi responded by replacing the CEO at SFR with an executive who has an accomplished record of operational turnarounds and has been at Altice since its founding. While the competitive environment is intense, we believe the issues facing Altice can be fixed by the new management team. We also re-examined the company's financial leverage with the help of our fixed income team and remain comfortable with the debt structure and maturity schedule. At the now lower valuation, we think Altice is very attractive. The U.S. cable operations are performing well, and we can attribute most of the company's valuation to the stake in Altice USA, meaning we are paying little for the rest of the company. Based on these factors, we decided to add to the Fund's position in Altice (0.8% on December 31).

IN CLOSING

Overall, we remain optimistic about the long-term outlook for the portfolio. International valuations are reasonable, and we see attractive earnings prospects for companies in the Fund. We believe a single quarter or year's performance is too short of an interval to evaluate our strategy. Our active, bottom-up, value-oriented investment approach requires conviction and patience. Accordingly, maintaining a long-term investment horizon and staying the course are essential.

We thank our fellow shareholders for your continued confidence in Dodge & Cox. As always, we welcome your comments and questions.

For the Board of Trustees,

Charles F. Pohl,
Chairman

Dana M. Emery,
President

January 30, 2018

Dodge & Cox Funds®

International Stock Fund

December 31, 2017

Ticker Symbol
DODFX

Objectives
- The Fund seeks long-term growth of principal and income.

Strategy
- The Fund invests primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different countries, including emerging market countries. The Fund is not required to allocate its investments in set percentages in particular countries. The Fund typically invests in medium-to-large well established companies based on standards of the applicable market.

Risks
- The Fund is subject to market risk, meaning holdings in the Fund may decline in value for extended periods due to the financial prospects of individual companies or due to general market and economic conditions. Investing in non-U.S. securities may entail risk due to foreign economic and political developments; this risk may be higher when investing in emerging markets. Please read the prospectus for specific details regarding the Fund's risk profile.

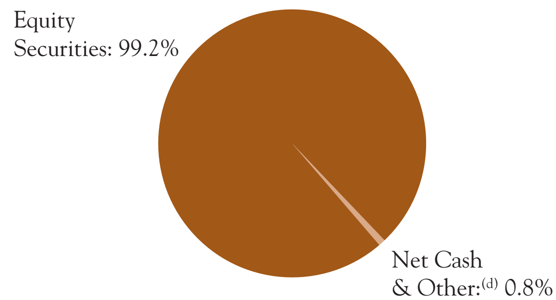
GENERAL INFORMATION

Net Asset Value Per Share	$46.32
Total Net Assets (billions)	$65.7
2016 Expense Ratio (per 5/1/17 Prospectus)	0.64%
2017 Expense Ratio	0.63%
Portfolio Turnover Rate	17%
30-Day SEC Yield[a]	1.63%
Number of Companies	69
Fund Inception	2001

No sales charges or distribution fees

Investment Manager: Dodge & Cox, San Francisco. Managed by the International Equity Investment Committee, whose eight members' average tenure at Dodge & Cox is 23 years.

ASSET ALLOCATION



PORTFOLIO CHARACTERISTICS

	Fund	MSCI EAFE
Median Market Capitalization (billions)	**$36**	$11
Weighted Average Market Capitalization (billions)	**$72**	$60
Price-to-Earnings Ratio[b]	**14.2x**	14.9x
Countries Represented	**25**	21
Emerging Markets (Brazil, China, India, Mexico, Russia, South Africa, South Korea, Thailand, Turkey, United Arab Emirates)	**26.1%**	0.0%

REGION DIVERSIFICATION (%)[e]

	Fund	MSCI EAFE
Europe (excluding United Kingdom)	**41.6**	45.7
United Kingdom	**15.1**	17.8
Pacific (excluding Japan)	**12.5**	12.0
Japan	**10.4**	24.0
Latin America	**7.0**	0.0
Africa	**5.8**	0.0
United States	**3.6**	0.0
Canada	**2.9**	0.0
Middle East	**0.3**	0.5

TEN LARGEST HOLDINGS (%)[c]

	Fund
Naspers, Ltd. *(South Africa)*	**4.1**
Samsung Electronics Co., Ltd. *(South Korea)*	**3.9**
Sanofi *(France)*	**3.3**
Novartis AG *(Switzerland)*	**3.1**
ICICI Bank, Ltd. *(India)*	**2.9**
Liberty Global PLC *(United Kingdom)*	**2.6**
Itau Unibanco Holding SA *(Brazil)*	**2.5**
BNP Paribas SA *(France)*	**2.3**
Barclays PLC *(United Kingdom)*	**2.3**
Honda Motor Co., Ltd. *(Japan)*	**2.2**

SECTOR DIVERSIFICATION (%)

	Fund	MSCI EAFE
Financials	**28.1**	21.2
Consumer Discretionary	**15.9**	12.3
Health Care	**15.5**	10.1
Information Technology	**12.3**	6.4
Energy	**7.7**	5.3
Industrials	**7.3**	14.6
Materials	**6.1**	8.2
Telecommunication Services	**3.3**	3.9
Utilities	**1.3**	3.2
Consumer Staples	**1.1**	11.2
Real Estate	**0.6**	3.6

(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) Price-to-earnings (P/E) ratios are calculated using 12-month forward earnings estimates from third-party sources.

(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) Net Cash & Other includes cash, short-term investments, derivatives, receivables, and payables.

(e) The Fund may classify a company in a different category than the MSCI EAFE. The Fund generally classifies a company based on its country of incorporation, but may designate a different country in certain circumstances.

Average Annual Total Return[1]

For periods ended December 31, 2017	1 Year	3 Years	5 Years	10 Years
Dodge & Cox International Stock Fund	23.94%	5.96%	8.50%	3.17%
MSCI EAFE Index	25.03	7.80	7.90	1.94

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Returns represent past performance and do not guarantee future results. Investment return and share price will fluctuate with market conditions, and investors may have a gain or loss when shares are sold. Fund performance changes over time and currently may be significantly lower than stated above. Performance is updated and published monthly. Visit the Fund's website at dodgeandcox.com or call 800-621-3979 for current month-end performance figures.

The Dodge & Cox International Stock Fund had a total return of 1.2% for the fourth quarter of 2017, compared to 4.2% for the MSCI EAFE (Europe, Australasia, Far East) Index. For 2017, the Fund had a total return of 23.9%, compared to 25.0% for the MSCI EAFE.

INVESTMENT COMMENTARY

Global equity markets continued to rise during the fourth quarter and had exceptionally strong performance in 2017. Every sector of the MSCI EAFE posted double-digit positive returns for the year. Information Technology (up 39%) and Materials (up 34%) were the best-performing sectors of the MSCI EAFE, while the worst performers—Telecommunication Services (up 13%) and Health Care (up 17%)—still registered substantial gains.

Over the past decade, U.S. equity markets largely outperformed international markets because of higher U.S. corporate earnings growth and valuation expansion. In addition, headwinds from a strong U.S. dollar trimmed international returns in U.S. dollars. However, this trend reversed during 2017 as international equities outperformed U.S. markets: the MSCI Emerging Markets Index was up 37% and the MSCI EAFE increased 25%, while the S&P 500 Index rose 22%. International equities benefited recently from increased earnings growth and a weaker U.S. dollar.

The valuation differential between U.S. equities and international markets continues to be wide. At year end, the MSCI EAFE traded at 15 times forward estimated earnings and the MSCI Emerging Markets traded at 13 times, compared to 20 times for the S&P 500.

At Dodge & Cox, we employ a bottom-up approach and weigh each current and prospective investment's fundamentals against its current valuation. During 2017, we trimmed selected holdings that had outperformed significantly at higher valuations. These included holdings in several sectors, such as Information Technology—especially the Chinese Internet-related companies—and Financials, as well as in Japan. Meanwhile, we continue to find investment opportunities across the globe and reinvested the proceeds from these trims into the Health Care and Energy sectors, where valuations are especially appealing. For example, after selling in 2015, we recently re-established a position in GlaxoSmithKline, a global pharmaceutical company, and also added to existing pharmaceutical holdings, including AstraZeneca, Bayer, and Sanofi.

Energy is another attractive area of the market. Our ongoing due diligence, including recent meetings in the Middle East and Houston, reaffirmed our view that oil prices could rise over the long term. Abundant growth in U.S. shale oil has disrupted the industry, but its cost of production is rising and supply from other sources will be needed to satisfy global demand. In 2017, we added significantly to two of the Fund's Integrated Oils holdings, Statoil and Suncor Energy. Both companies are opportunistically investing to lower development costs, which should improve their profitability in the coming years.

Overall, we remain optimistic about the long-term outlook for the portfolio. Performance results over the past few years reaffirm that a single quarter or year is too short an interval over which to evaluate our strategy. Our active, bottom-up, value-oriented investment approach requires conviction and patience. Accordingly, maintaining a long-term investment horizon and staying the course are essential. We thank our fellow shareholders for your continued confidence in Dodge & Cox.

FOURTH QUARTER PERFORMANCE REVIEW

The Fund underperformed the MSCI EAFE by 3.0 percentage points during the quarter.

KEY DETRACTORS FROM RELATIVE RESULTS

- The Fund's overweight position and holdings in the Health Care sector (down 6% compared to flat for the MSCI EAFE sector) significantly detracted from results. Sanofi (down 13%) and Bayer (down 8%) performed poorly.
- Japan was one of the best-performing developed market countries (up 9%), so the Fund's average underweight position (11% versus 24% for the MSCI EAFE region) hurt its relative results.
- Within the Materials sector, the Fund underperformed (up 2% compared to up 9% for the MSCI EAFE sector) because of Cemex (down 17%) and its lack of holdings in the Metals & Mining industry, a strong industry of the market (up 13%).
- Weak relative returns from the Fund's holdings in the Energy sector (up 2% compared to up 10% for the MSCI EAFE sector) hindered performance.
- Additional detractors included Altice (down 48%), Magnit (down 37%), Grupo Televisa (down 24%), and UniCredit (down 12%).

KEY CONTRIBUTORS TO RELATIVE RESULTS

- The Fund's emerging market holdings performed well (up 6%), especially Naspers (up 29%), MTN Group (up 20%), ICICI Bank (up 16%), Kasikornbank (up 14%), and Samsung Electronics (up 7%).
- The Fund's underweight position in the Utilities sector, the worst-performing sector of the market, and holding of Engie (up 3% compared to down 1% for the MSCI EAFE sector), helped performance.
- Additional contributors included Honda Motor (up 16%), TE Connectivity (up 15%), and Linde (up 12%).

2017 PERFORMANCE REVIEW

The Fund underperformed the MSCI EAFE by 1.1 percentage points in 2017.

KEY DETRACTORS FROM RELATIVE RESULTS

- Weak returns from the Fund's holdings in the Energy sector (up 1% compared to up 22% for the MSCI EAFE sector) hurt performance results, especially Schlumberger (down 17%).
- The Fund's underweight position in Industrials, one of the strongest sectors of the market, and selection of holdings (up 22% compared to up 30% for the MSCI EAFE sector) hindered results. Johnson Controls International (down 6%) performed poorly.
- Additional detractors included Altice (down 47%), Magnit (down 38%), Grupo Televisa (down 10%), and Barclays (up 1%).

KEY CONTRIBUTORS TO RELATIVE RESULTS

- Strong returns from the Fund's holdings in emerging markets (up 42%) contributed significantly, especially in the Information Technology, Consumer Discretionary, and Financials sectors. Samsung Electronics (up 61%), Kasikornbank (up 51%), ICICI Bank (up 45%), and the Fund's Chinese internet-related holdings—Naspers (up 90%), JD.com (up 63%), and Baidu (up 42%)—were particularly notable.
- The Fund's holdings in Japan (up 37% compared to up 24% for the MSCI EAFE region) helped results. Nintendo (up 77%) performed strongly.
- Within the Telecommunication Services sector, the Fund's holdings outperformed (up 43% compared to up 13% for the MSCI EAFE sector). Millicom International Cellular (up 64%) performed exceptionally well.

[1] The Fund's total returns include the reinvestment of dividend and capital gain distributions, but have not been adjusted for any income taxes payable by shareholders on these distributions or on Fund share redemptions. Index returns include dividends but, unlike Fund returns, do not reflect fees or expenses. The MSCI EAFE (Europe, Australasia, Far East) Index is a broad-based, unmanaged equity market index aggregated from 21 developed market country indices, excluding the United States and Canada. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. All returns are stated in U.S. dollars, unless otherwise noted.