Dodge & Cox®
Investment Focus

Income Fund

March 31, 2023

Performance[1]

Total Returns (%)

		Average Annual Total Returns				
	3 Months	1 Year	3 Years	5 Years	10 Years	20 Years
Income Fund — Class I	3.12%	-3.04%	0.13%	1.93%	2.35%	3.94%
Income Fund — Class X	3.14%	-2.92%	0.17%	1.96%	2.36%	3.95%
Bloomberg U.S. Aggregate Bond Index (BBG U.S. Agg)	2.96%	-4.78%	-2.77%	0.91%	1.36%	3.18%

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. Current month-end performance can be obtained at dodgeandcox.com or call 800-621-3973.

Market Commentary

The first quarter of 2023 brought renewed market volatility given changing investor expectations regarding inflation, economic growth, and Federal Reserve policy. The failures of two U.S. regional banks (Silicon Valley Bank and Signature Bank) and concerns about Credit Suisse in March fanned fears of a broader banking sector crisis, sending Treasury yields sharply lower and credit spreads wider, though spreads partially recovered by quarter end.

The Federal Reserve raised the fed funds rate by 50 basis points[2] in two steps to 4.75-5.0% as it continued to battle high inflation. At its March meeting, policymakers signaled that the recent stress in the banking system may lead to an earlier-than-expected end to their hiking cycle.

Despite the Fed's aggressive pace of raising rates last year, the U.S. economy has remained resilient. Employers added 345,000 jobs monthly on average over the last three months, and the unemployment rate ended the quarter at 3.5%, near a 50-year low. Core PCE[3], the Fed's preferred inflation metric, rose 4.6% from a year earlier, a deceleration from the 40-year highs reached in early 2022, but still well above the central bank's 2% target.

Portfolio Strategy

In response to tighter credit valuations early in the quarter, we trimmed several corporate issuers that had performed well. Around the same time, we initiated a small position in senior non-preferred bonds issued by UBS Group.[4] The Swiss-based bank has an attractive mix of market-leading and geographically diversified businesses, along with high capital ratios and substantial balance sheet liquidity. The offered bonds were priced attractively, providing adequate compensation for shouldering existing risks, but also those that might arise from its subsequent acquisition of Credit Suisse. As concerns about the banking system caused investment-grade corporate spreads to widen in March, we added to the Fund's position in UBS and a number of other existing holdings where valuations became more attractive (e.g., Barclays, Lloyds, Prosus, TC Energy).

Meanwhile, we shortened portfolio duration[5] by 0.25 years, following the sharp decline in interest rates, reflecting our expectation that the Fed, barring a sharp economic deterioration, is likely to keep rates in restrictive territory this year as it attempts to bring stubborn inflation down toward its target level.

Overall, we are optimistic about the Fund's current portfolio and its long-term return prospects. While Treasury yields have declined recently, they remain significantly higher than they were 12 months ago. Despite recent market turmoil, we believe the portfolio's credit holdings, including those in the banking sector, are fundamentally strong. The portfolio's Agency[6] MBS holdings continue to offer an attractive risk/reward profile with low prepayment risk and compelling valuations.

Thank you for your continued confidence in Dodge & Cox.

Performance Review (Fund's Class I Shares vs. Bloomberg U.S. Agg)

First Quarter

Key contributors to relative results included the Fund's:

- Credit issuer selection, particularly Telecom Italia, Charter Communications, Enel, as well as several Financial holdings, including HSBC, JPMorgan, and Citigroup capital securities;
- Overweight position in the Industrial sector; and,
- Strong performance of FFELP[7] Student Loan ABS and Ginnie Mae-guaranteed Home Equity Conversion Mortgages (also known as reverse mortgages).

Key detractors from relative results included the Fund's:

- Below-benchmark duration position; and,
- Agency MBS pass-through holdings, which underperformed the MBS in the benchmark.

Top Ten Issuers	% of Fund
Fannie Mae	17.1%
U.S. Treasury Note/Bond	12.7%
Freddie Mac	11.1%
Ginnie Mae	6.7%
UMBS TBA	5.3%
Navient Student Loan Trust	4.1%
Charter Communications, Inc.	2.4%
HSBC Holdings PLC	2.2%
Petroleos Mexicanos	2.2%
Prosus NV	1.8%

Fund Expense Ratios	Ticker	Net	Gross
Income Fund — Class I	DODIX	0.41%	0.41%
Income Fund — Class X	DOXIX	0.33%*	0.36%

* Dodge & Cox has contractually agreed to reimburse the Fund for all ordinary expenses to the extent necessary to maintain Total Annual Fund Operating Expenses of the Dodge & Cox Income Fund — Class X shares at 0.33% until April 30, 2023. This agreement cannot be terminated prior to April 30, 2023 other than by resolution of the Fund's Board of Trustees. The term of the agreement renews annually unless terminated with 30 days' written notice by either party prior to the end of the term. The agreement does not permit Dodge & Cox to recoup any fees waived or payments made to the Fund for a prior year.

The Fund invests in individual bonds and other securities whose yields and market values fluctuate, so that your investment may be worth more or less than its original cost. The Fund's performance could be hurt by interest rate risk, credit risk, below investment-grade securities risk, mortgage- and asset-backed securities risk, to-be-announced transaction risk, non-U.S. investment risk, liquidity risk, derivatives risk, call risk, sovereign and government-related debt risk, manager risk, market risk, and hybrid securities risk. The Fund may use derivatives to create or hedge investment exposure, which may involve additional and/or greater risks than investing in securities, including more liquidity risk and the risk of a counterparty default. Some derivatives create leverage.

Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and charges and expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, or for current month-end performance figures, visit dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Dodge & Cox Funds are distributed by Foreside Fund Services, LLC, which is not affiliated with Dodge & Cox.

1. All returns are stated in U.S. dollars, unless otherwise noted. The Funds' 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 dividend and/or interest income but, unlike Fund returns, do not reflect fees or expenses. The Class X shares inception date is May 2, 2022. The returns shown prior to that date are for the Class I shares. The Bloomberg U.S. Aggregate Bond Index is a widely recognized, unmanaged index of U.S. dollar-denominated, investment-grade, taxable fixed income securities.
2. One basis point is equal to 1/100th of 1%.
3. Personal consumption expenditures (PCE) measure how much consumers spend on durable and non-durable goods and services. PCE is the Federal Reserve's preferred measure for inflation.
4. The use of specific examples does not imply that they are more or less attractive investments than the Fund's other holdings.
5. Duration is a measure of a bond's (or a bond portfolio's) price sensitivity to changes in interest rates.
6. The U.S. Government does not guarantee the Fund's shares, yield, or net asset value. The agency guarantee (by, for example, Ginnie Mae, Fannie Mae, or Freddie Mac) does not eliminate market risk.
7. FFELP is the Federal Family Education Loan Program.