Dodge & Cox®
Investment Focus

Income Fund

December 31, 2022

Performance[1]

Total Returns (%)

		Average Annual Total Returns				
	3 Months	1 Year	3 Years	5 Years	10 Years	20 Years
Income Fund — Class I	2.75%	-10.87%	-1.12%	1.12%	2.09%	3.85%
Income Fund — Class X	2.77%	-10.77%	-1.09%	1.15%	2.10%	3.86%
Bloomberg U.S. Aggregate Bond Index (BBG U.S. Agg)	1.87%	-13.01%	-2.71%	0.02%	1.06%	3.10%

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 Bloomberg U.S. Agg delivered a 2% return in the fourth quarter as the Corporate and Agency[2] mortgage-backed securities (MBS) sectors performed strongly following a dismal nine months. For the year, however, the Bloomberg U.S. Agg declined 13% as surging Treasury yields and widening credit spreads resulted in the worst year for the Index since its inception in 1976.

The Federal Reserve continued to battle high inflation by raising its benchmark interest rate a total of 125 basis points[3] during the quarter to 4.25-4.5%, its highest level in 15 years. Fed officials have signaled plans to keep raising rates in 2023, though at a slower pace. Inflation cooled from 40-year highs late last year, but remains well above the central bank's 2% target. While U.S. economic data is showing some softness, the labor market remains resilient. Employers added 247,000 jobs on average over the last three months and the unemployment rate declined to 3.5%, matching a 50-year low.

Spreads on investment-grade Corporate and Agency MBS were volatile throughout the year. Overall, the two sectors outperformed comparable-duration[4] Treasuries in the fourth quarter while underperforming for the year.

Portfolio Strategy

To take advantage of wider spreads last year, we increased the Fund's credit[5] weighting from 38% to 49%. We initiated positions in a number of issuers (e.g., Goldman Sachs, NextEra Energy, Colombia Government)[6] and added to existing holdings (e.g., HSBC, Southern Company, Prosus). Despite the elevated risk of a recession, we believe the long-term total return prospects for a thoroughly researched portfolio of credit issuers are attractive.

Within the Securitized sector, we increased the portfolio's Agency MBS weighting from 35% to 40% and adjusted the mix of holdings. With the prevailing mortgage rate reaching multi-decade highs, nearly all existing mortgage holders lack incentive to refinance. Consequently, prepayment risk in Agency MBS has fallen to very low levels. Meanwhile, spreads on Agency MBS widened, creating a meaningful risk/reward opportunity.

We lengthened the portfolio's duration three times (by a quarter of a year each) over the course of 2022, but remain positioned with a somewhat below-benchmark duration. These adjustments followed significant increases in yields and the increased probability that the Fed's rate hikes could trigger a recession.

Overall, we are optimistic about the Fund's portfolio and its long-term return prospects. Yields are significantly higher than they were at the end of 2021, making prospective returns for fixed income more attractive. Thank you for your continued confidence in Dodge & Cox.

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

Fourth Quarter

Key contributors to relative results included the Fund's:

- Underweight position in U.S. Treasuries and overweight position in corporate bonds;
- Credit issuer selection, particularly Pemex, Prosus, HSBC, and UniCredit; and,
- Below-benchmark duration position.

Key detractors from relative results included the Fund's:

- Agency MBS pass-through holdings, Ginnie Mae-guaranteed Home Equity Conversion Mortgages (also known as reverse mortgages), and FFELP[7] Student Loan ABS; and,
- Positions in Imperial Brands, TC Energy, Southern Company, and Ford Motor Credit.

2022

Key contributors to relative results included the Fund's:

- Below-benchmark duration position;
- Overweight position in corporate bonds. Despite year-over-year spread widening, well-timed adds during the year resulted in sector allocation being modestly positive; and,
- Positions in Petrobras, Citigroup capital securities, and Ultrapar.

Key detractors from relative results included the Fund's:

- Key rate duration positioning (e.g., underweight to the 20+ year key rates);
- Agency MBS pass-through holdings, which underperformed the MBS in the benchmark;
- Poor relative performance of FFELP Student Loan ABS; and,
- Positions in Charter Communications and UniCredit.

Top Ten Issuers

Top Ten Issuers	% of Fund
Fannie Mae	14.9%
Freddie Mac	11.9%
U.S. Treasury Note/Bond	9.4%
UMBS TBA	7.1%
Ginnie Mae	6.6%
Navient Student Loan Trust	4.4%
Charter Communications, Inc.	2.5%
HSBC Holdings PLC	2.3%
Petroleos Mexicanos	2.3%
Ford Motor Credit Co. LLC	2.0%

Fund Expense Ratios

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 information provided is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. Any securities identified are subject to change without notice and do not represent a Fund's entire holdings. Dodge & Cox does not guarantee the future performance of any account (including Dodge & Cox Funds) or any specific level of performance, the success of any investment decision or strategy that Dodge & Cox may use, or the success of Dodge & Cox's overall management of an account.

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. 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.
3. One basis point is equal to 1/100th of 1%.
4. Duration is a measure of a bond's (or a bond portfolio's) price sensitivity to changes in interest rates.
5. Credit refers to corporate bonds and government-related securities, as classified by Bloomberg, as well as Rio Oil Finance Trust, an asset-backed security that we group as a credit investment.
6. The use of specific examples does not imply that they are more or less attractive investments than the Fund's other holdings.
7. FFELP is the Federal Family Education Loan Program.