



## 2024 U.S. Fixed Income Review

January 2025



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### **Representing Dodge & Cox:**

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# Agenda

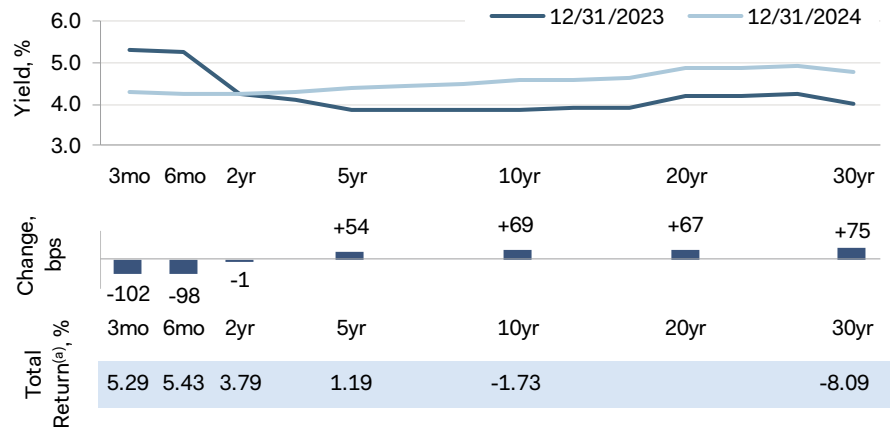
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1. U.S. Fixed Income Market Backdrop
2. Income Fund's Performance
3. Where We Are Finding Opportunities

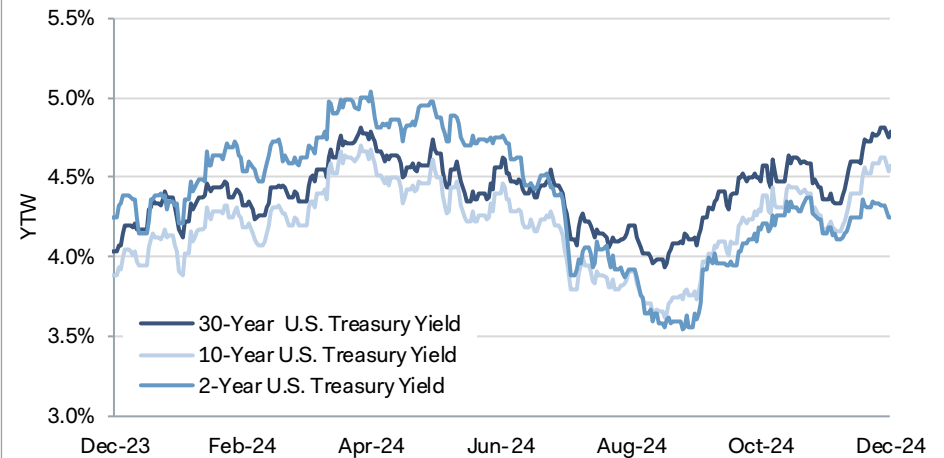
# U.S. Bond Market Yields and Sector Returns

December 31, 2024

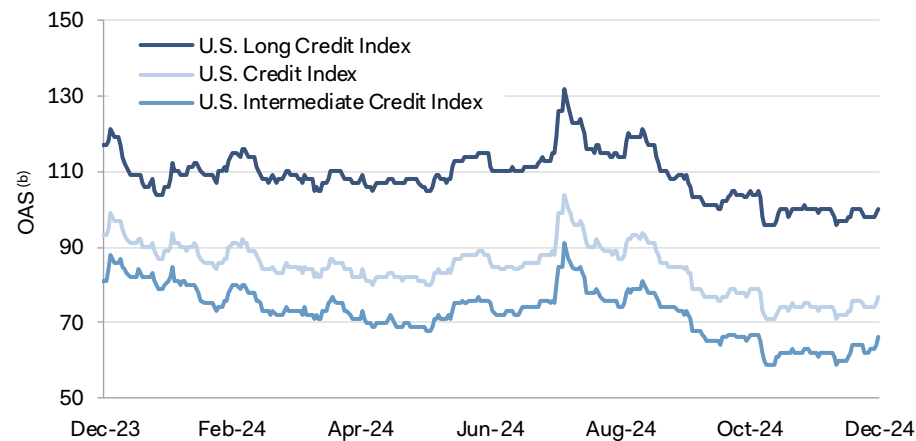
## Treasury Yield Changes – Last 12 months



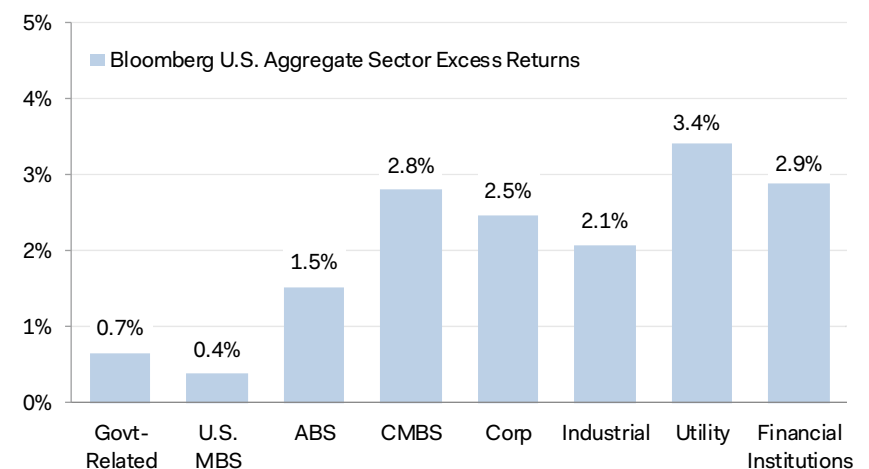
## U.S. Treasury Yields



## Bloomberg U.S. Credit Indices



## Sector Excess Returns<sup>(c)</sup> – Last 12 months



<sup>(a)</sup>Total returns are calculated using the Bloomberg U.S. Treasury Bellwethers Indices. There is no Bloomberg U.S. 20-Year Treasury Bellwether Index, and thus the total return for the 20-year bond has been omitted. <sup>(b)</sup>OAS (option-adjusted spread) is the option-adjusted yield differential between stated index and comparable U.S. Treasuries. OAS does not translate into a return. <sup>(c)</sup>Excess return represents the total return of the sector relative to key rate duration-matched portfolio of U.S. Treasuries.

Source: Bloomberg. The above information 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. Opinions expressed are subject to change without notice. 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. The securities identified are subject to change without notice and may not represent an account's entire holdings.

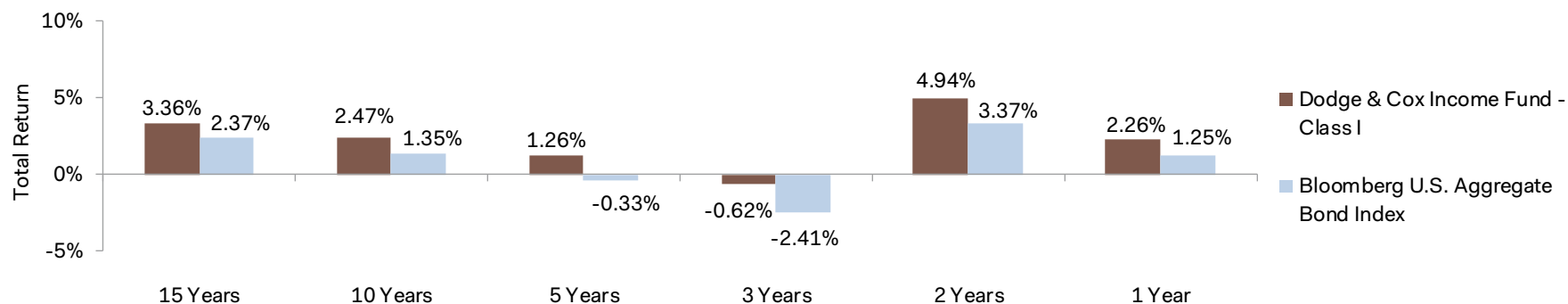
# Historical Performance & Sources of Excess Return

December 31, 2024

## Dodge & Cox Income Fund

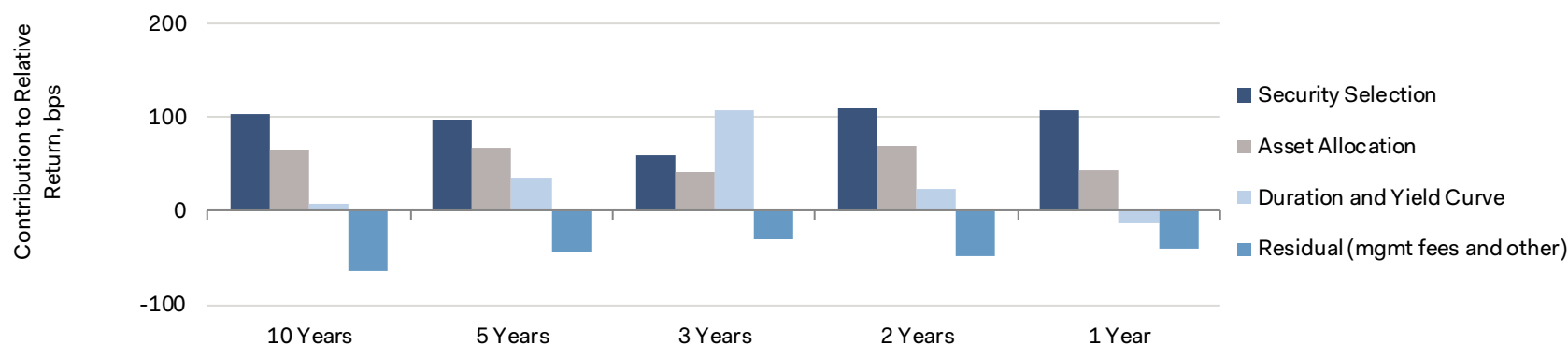
Security Selection and Asset Allocation are the primary drivers of excess returns over longer periods.

### Average Annual Total Returns<sup>(a)</sup>: Income Fund vs. Bloomberg U.S. Aggregate Bond Index



Relative Return <sup>(a)</sup>	0.99%	1.12%	1.59%	1.79%	1.57%	1.01%
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### Contribution to Relative Return<sup>(a)</sup>



<sup>(a)</sup> Annualized returns.

The Fund returns shown are for the Class I shares of the Fund. Source: Bloomberg. The above information 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. Opinions expressed are subject to change without notice.

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. Mutual 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](http://dodgeandcox.com) or by calling 800-621-3979.

# Changes in the Portfolio

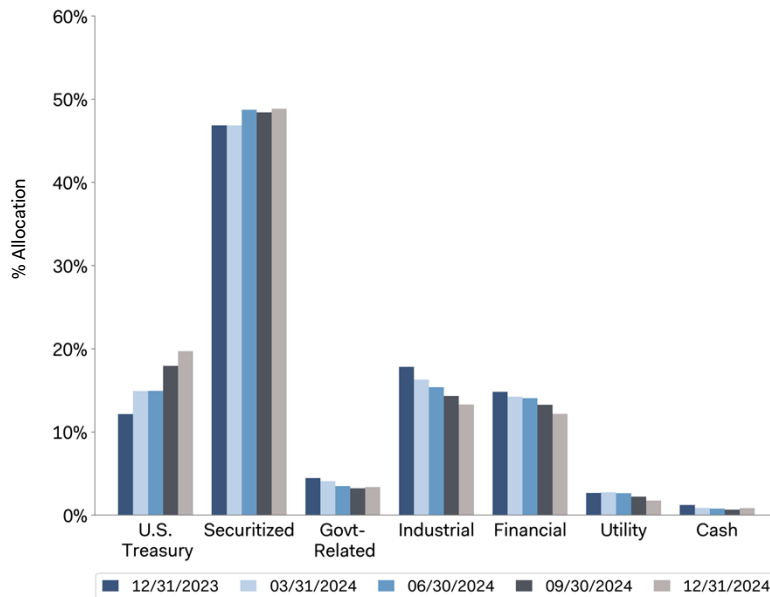
One Year Ended December 31, 2024

## Dodge & Cox Income Fund

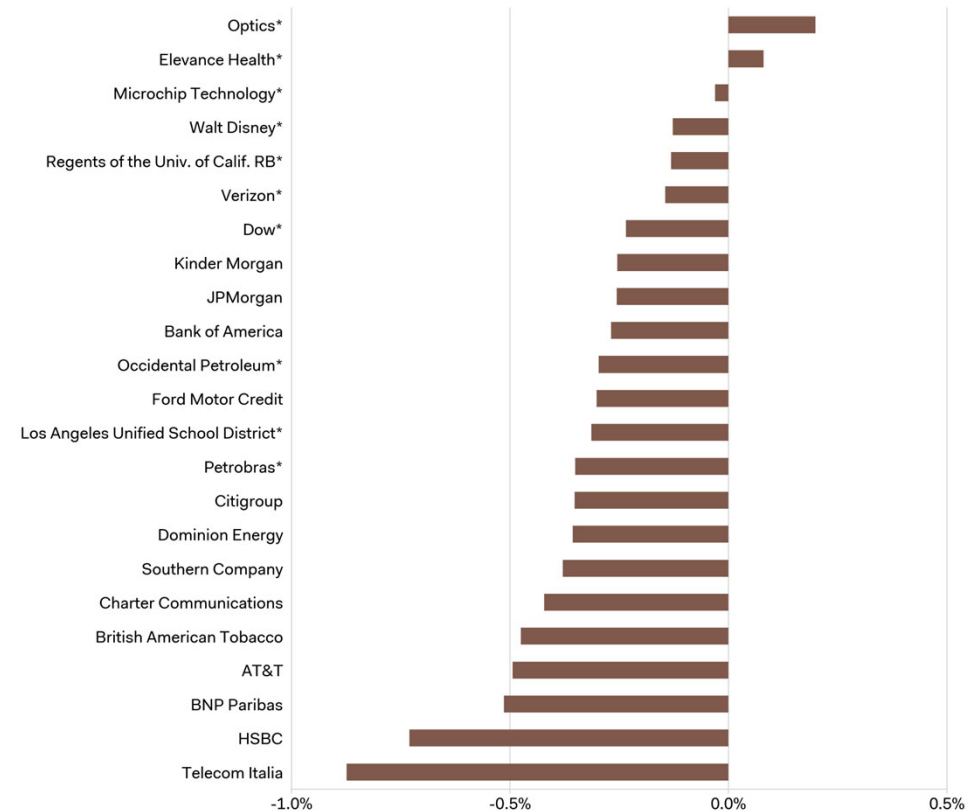
### Summary of Credit Changes (Last 12 Months)

	Corporate %	Non-Corp. %	Credit %
Starting Weight	35.3	4.5	39.8
Gross Increase	0.7	0.2	0.9
Gross Decrease	(8.8)	(1.3)	(10.1)
Net Change	(8.1)	(1.1)	(9.2)
Ending Weight	27.2	3.4	30.6

### Summary of Sector Changes



### Largest Changes in Credit Exposure (Last 12 Months)<sup>(a)</sup>



\*Represents new purchases/complete sales.

Data as presented excludes the effect of the portfolio's position in Treasury futures contracts.

<sup>(a)</sup>The largest changes in Fund weighting, including all changes over 0.25% and all new purchases/complete sales.

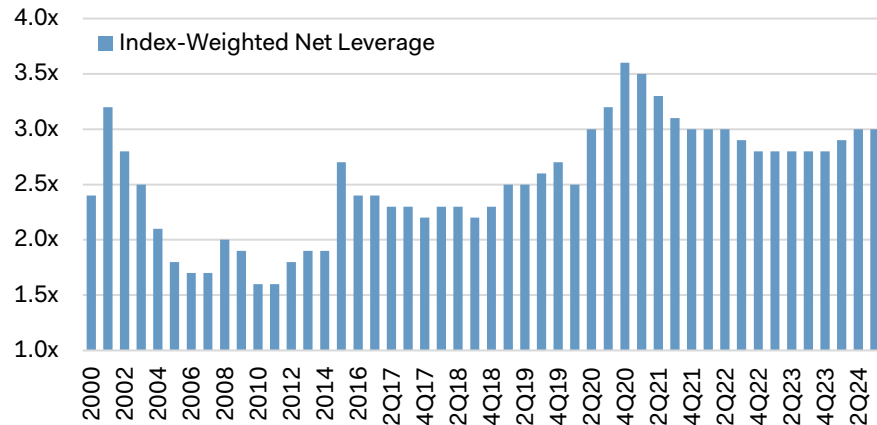
Source: The YieldBook, Inc., Bloomberg. The above information is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. 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. The securities identified are subject to change without notice and may not represent an account's entire holdings.

# Stable Credit<sup>(a)</sup> Fundamentals<sup>(b)</sup>, Tight Valuations, Differentiated Exposure

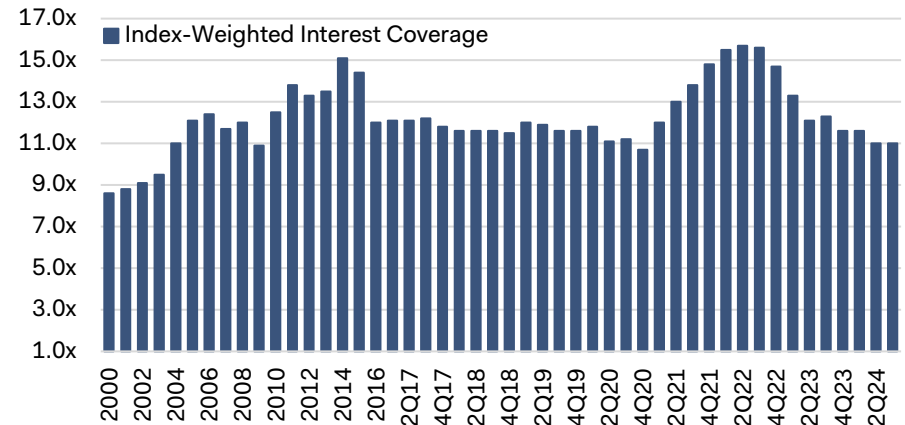
December 31, 2024

## Dodge & Cox Income Fund

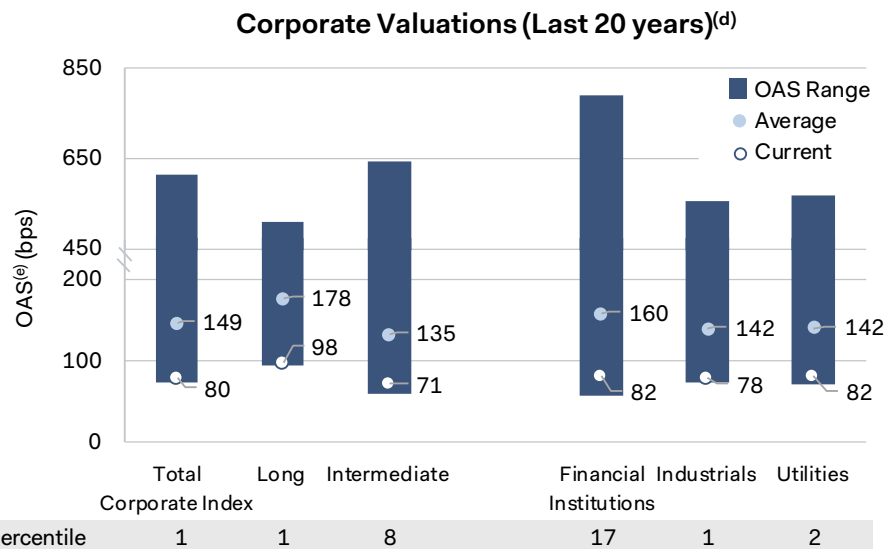
### Index-Weighted Net Leverage<sup>(c)</sup> has Stabilized



### Interest Coverage<sup>(c)</sup> has Deteriorated but Remains Robust



### Corporate Valuations are Historically Tight



### Income Fund<sup>(f)</sup> Credit Exposure is Differentiated

	Income Fund Credit Exposure	Bloomberg U.S. Credit Index	Comments
# Tickers	59	1,058	Careful issuer selection
OAS (avg)	134	77	~1.75x the index spread
Duration (avg)	4.5	6.7	Shorter duration
% of Credit Exposure Below Investment Grade <sup>(g)</sup>	16%	0%	Opportunistic BIG exposure
% Non-financial Hybrids	7.0%	0.6%	Spread advantage vs. senior debt
% of Credit in the Income Fund and Bloomberg U.S. Aggregate	30.6%	27.9%	Overweight but cautious

<sup>(a)</sup>Bloomberg U.S. Corporate Index. <sup>(b)</sup>Most recent data available as of 12/31/2024. <sup>(c)</sup>Data from Barclays. <sup>(d)</sup> Analysis begins on 12/31/2004, OAS distribution is based on weekly increments. <sup>(e)</sup>OAS (option-adjusted spread) is the option-adjusted yield differential between stated index and comparable government bonds. OAS does not translate into a return. <sup>(f)</sup>Dodge & Cox Income Fund. <sup>(g)</sup> The credit quality distributions shown for the Fund is based on the middle of Moody's, Standard & Poor's, 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, Standard & Poor's, and Fitch ratings to determine compliance with the quality requirements stated in its prospectus. On that basis, the Fund held 1.6% of 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.

Source: Standard & Poor's, J.P. Morgan, Bloomberg. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Opinions expressed are subject to change without notice.

**Net Leverage:** Net leverage is calculated as net debt (total debt minus cash and cash equivalents) divided by EBITDA (earnings before interest, depreciation, and amortization). This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant. **Interest Coverage:** The interest coverage ratio is a debt and profitability ratio that shows how easily a company can pay interest on its outstanding debt.

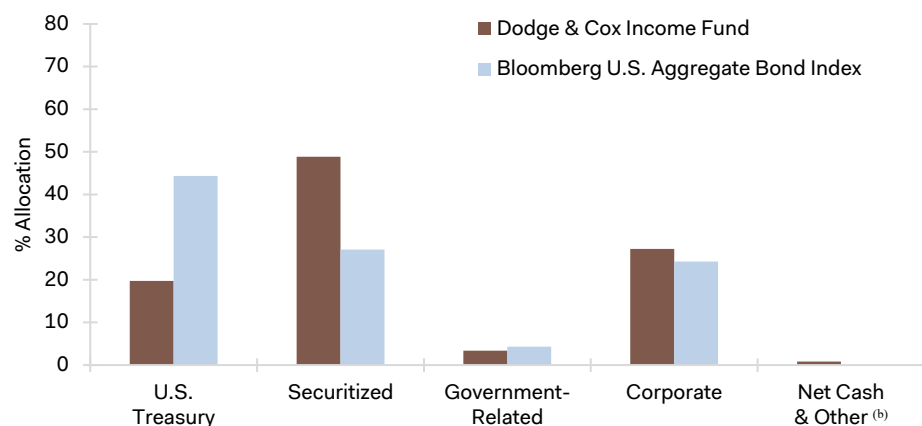


# Portfolio Structure

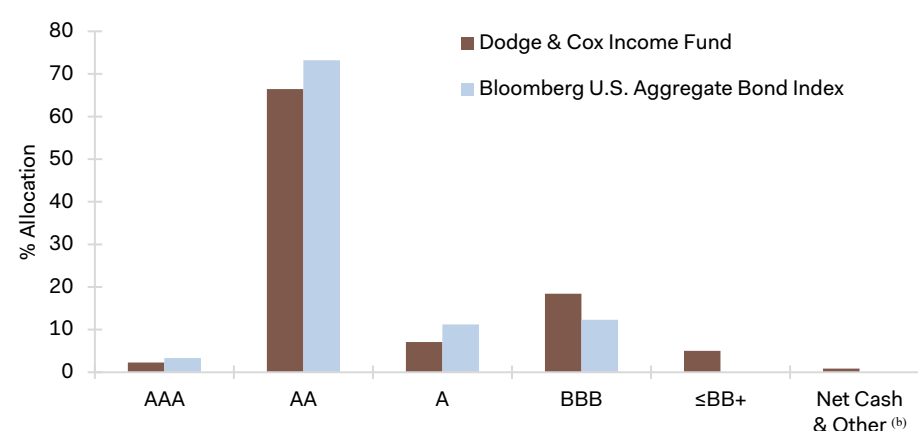
December 31, 2024

## Dodge & Cox Income Fund

### Sector Composition



### Quality Composition<sup>(a)</sup>



### Weighted-Average Summary Characteristics

	Dodge & Cox Income Fund	Bloomberg U.S. Aggregate Bond Index
Yield-to-Worst <sup>(c)</sup>	5.33%	4.91%
Effective Duration <sup>(d)</sup>	6.3 years	6.1 years

The SEC yield<sup>(e)</sup> calculated for December 31, 2024 was 4.51%.

SEC Standardized Average Annual Total Returns as of December 31, 2024 (Income Fund - Class I vs. Bloomberg U.S. Aggregate Bond Index):

1 Year 2.26% vs. 1.25%; 5 Years 1.26% vs. -0.33%; 10 Years 2.47% vs. 1.35%. This exhibit must be accompanied or preceded by a current prospectus or summary prospectus for the relevant fund.

Weighted-average yield-to-worst and effective duration include the effect of the portfolio's position in U.S. Treasury futures contracts. Other portfolio characteristics (e.g., sector, quality, maturity) are not similarly adjusted.

The Fund returns shown are for the Class I shares of the Fund. <sup>(a)</sup>The credit quality distributions shown for the Fund is based on the middle of Moody's, Standard & Poor's, 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, Standard & Poor's, and Fitch ratings to determine compliance with the quality requirements stated in its prospectus. On that basis, the Fund held 1.60% of 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. <sup>(b)</sup>Net Cash & Other includes cash, short-term investments, unrealized gain (loss) on derivatives, receivables, and payables.

<sup>(c)</sup>Yield and principal value fluctuate with market conditions. Yield-to-Worst is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting. <sup>(d)</sup>Effective Duration is a measure of a portfolio's price sensitivity to interest rate changes, including the impact of derivatives used to adjust duration. <sup>(e)</sup>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.

Source: The YieldBook, Inc., Bloomberg. The above information 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. Opinions expressed are subject to change without notice. Information regarding yield, quality, maturity, and/or duration does not pertain to accounts managed by Dodge & Cox.

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. Mutual 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](http://dodgeandcox.com) or by calling 800-621-3979.

# Ten Largest Issuers

December 31, 2024

## Dodge & Cox Income Fund

	% of Fund
Fannie Mae	21.0
U.S. Treasury Note/Bond	19.7
Freddie Mac	18.1
Ginnie Mae	4.4
Navient Student Loan Trust	2.5
Petroleos Mexicanos	1.9
Charter Communications, Inc.	1.8
Prosus NV	1.5
Imperial Brands PLC	1.4
JPMorgan Chase & Co.	1.4
	<hr/>
	73.7

Excludes derivatives. 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. The above information 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. Opinions expressed are subject to change without notice. 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](http://dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

# Source Citations

## Bloomberg

**Bloomberg U.S. Aggregate Bond Index:** The Bloomberg U.S. Aggregate Bond Index is a widely recognized, unmanaged index of U.S. dollar-denominated, investment-grade, taxable fixed income securities.

**Bloomberg Global Aggregate Bond Index:** The Bloomberg Global Aggregate Bond Index is a widely recognized, unmanaged index of multi-currency, investment-grade fixed income securities.

**Bloomberg U.S. Corporate Bond Index:** The Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

**Bloomberg U.S. Mortgage-Backed Securities (MBS) Index:** The Bloomberg U.S. Mortgage-Backed Securities (MBS) Index tracks fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage.

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## Russell

**Russell 1000 Value Index:** The Russell 1000 Value Index is a broad-based, unmanaged equity market index composed of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

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## Other

**Combined Index:** The Combined Index reflects an unmanaged portfolio (rebalanced monthly) of 60% of the S&P 500 Index, which is market capitalization-weighted index of 500 large-capitalization stocks commonly used to represent the U.S. equity market, and 40% of the Bloomberg U.S. Aggregate Bond Index, which is a widely recognized, unmanaged index of U.S. dollar-denominated, investment-grade, taxable fixed income securities.

It is not possible to invest directly in an index.

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## Standard & Poor's

**S&P 500 Index:** The S&P 500 Index is a market capitalization-weighted index of 500 large-capitalization stocks commonly used to represent the U.S. equity market.

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## MSCI

**MSCI ACWI Index:** The MSCI ACWI (All Country World Index) Index is a broad-based, unmanaged equity market index aggregated from developed market and emerging market country indices.

**MSCI ACWI ex USA Index:** The MSCI ACWI (All Country World Index) ex USA Index is a broad-based, unmanaged equity market index aggregated from developed and emerging market country indices, excluding the United States.

**MSCI EAFE Index:** The MSCI EAFE (Europe, Australasia, Far East) Index is a broad-based, unmanaged equity market index aggregated from developed market country indices, excluding the United States and Canada. It covers approximately 85% of the free float-adjusted market capitalization in each country.

**MSCI Emerging Markets Index:** The MSCI Emerging Markets Index captures large and mid-cap representation across emerging market countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.

**MSCI World Index:** The MSCI World Index is a broad-based, unmanaged equity market index aggregated from developed market country indices. It covers approximately 85% of the free float-adjusted market capitalization in each country.

**MSCI ACWI Value Index:** The MSCI ACWI Value Index captures large- and mid-cap securities exhibiting overall value style characteristics across developed market and emerging market countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price, and dividend yield.

**MSCI ACWI ex USA Value Index:** The MSCI ACWI ex USA Value Index captures large- and mid-cap securities exhibiting overall value style characteristics across developed and emerging market countries, excluding the United States. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price, and dividend yield.

**MSCI EAFE Value Index:** The MSCI EAFE Value Index captures large- and mid-cap securities exhibiting overall value style characteristics across developed market countries around the world, excluding the United States and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price, and dividend yield.

**MSCI World Value Index:** The MSCI World Value Index captures large- and mid-cap securities exhibiting overall value style characteristics across developed market countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price, and dividend yield.

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