Dodge & Cox®
Worldwide Funds

Global Bond Fund

31 December 2022

Performance[1]

Total Returns (%)

	Unannualised Returns	Average Annual Total Returns				
	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception Date
Global Bond Fund						
USD Accumulating Class	5.63%	-8.61%	0.28%	2.19%	2.13%	01/05/14
GBP Distributing Class	-2.44%	2.32%	3.35%	4.45%	6.13%	01/05/14
GBP Distributing Class (H)	5.17%	-9.53%	-0.62%	0.93%	1.21%	01/05/14
EUR Accumulating Class	-3.24%	-2.69%	1.87%	4.55%	5.23%	01/05/14
EUR Accumulating Class (H)	4.77%	-10.64%	-1.41%	0.00%	0.38%	01/05/14
EUR Distributing Class	-3.28%	-2.74%	1.85%	4.54%	5.23%	01/05/14
EUR Distributing Class (H)	4.68%	-10.71%	-1.43%	-0.03%	0.36%	01/05/14
CHF Distributing Class (H)	4.46%	-11.04%	-	-	-8.31%	01/07/21
BBG Global Agg (H, in USD)	0.99%	-11.22%	-2.59%	0.36%	1.66%	01/05/14

Returns represent past performance and do not guarantee future results. Investment return, costs and share price will fluctuate with market conditions and may be affected by currency fluctuations. 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. Visit the Fund's website at dodgeandcox.com for current month-end performance figures.

Market Commentary

Global bond markets[2] returned 1.0% in the fourth quarter of 2022, offering a slight reprieve from the notable sell-off earlier in the year. Global credit[3] was the leading fixed income sector and registered a 2.8% quarterly return, while the U.S. trade-weighted dollar depreciated by 4.8%.[4] Nascent signs of moderating inflation and higher investor risk appetite influenced market returns for the quarter.

Overall, 2022 was characterised by high inflation, a deteriorating economic outlook, and geopolitical uncertainty. Major central banks aggressively raised policy rates in unprecedented increments and frequency to combat inflation. Long-term interest rates rose significantly, and global credit spreads widened ending the year at 132 basis points[5], nearly 1.5 times their starting levels. The broad trade-weighted U.S. dollar strengthened by more than 5% over the year. Amidst this tumultuous backdrop, the global bond market fell over 11.2%, one of the worst 12-month declines on record. The silver lining of the 2022 sell-off is that the market's yield is at its highest level in decades.

Portfolio Strategy

In this environment with higher yields and lower valuations globally, we made many adjustments to the Fund's positioning throughout 2022. Benefiting from our deep in-house market and issuer-level research, we were able to quickly and confidently act in periods of market weakness.

We increased the Fund's Credit[6] weighting by twelve percentage points to 59%. The additions, undertaken primarily in the first half of the year, included Enel, Southern Company, Capital One Financial, and British American Tobacco.[7] We funded these purchases by trimming U.S. Treasuries and Agency[8] MBS.

We extended portfolio duration[9] in the United States through the year and slightly extended duration in Brazil, Mexico, and South Korea in the fourth quarter. As a result, the Fund's duration increased by 0.8 years and ended the year at 4.7 years. We also increased the Fund's non-U.S. currency exposure, which ended the year at 24.2%. We added nearly 5% to developed market currencies—including the euro, Japanese yen, Swedish krona, and Australian dollar—reflecting our view that these currencies are trading at uniquely undervalued levels. Meanwhile, we reduced exposure to select emerging market currencies, including the Indonesian rupiah and the Indian rupee, on concerns of higher inflation leading to potential depreciation.

We recognise that both recession and geopolitical risks remain, but we have strong conviction in the Fund's diversified portfolio and well- researched issuers, and we remain optimistic about its long-term return prospects.

Thank you for your continued confidence in Dodge & Cox.

Performance Review (USD Accumulating Class)

Fourth Quarter

Key contributors to relative results included the Fund's:

- High allocation to Corporate bonds (54%), with Pemex, Prosus, and Bayer among stronger-performing holdings;
- Exposure to a number of appreciating global currencies, including the Japanese yen, Mexican peso, and euro; and,
- Exposure to interest rates in the United States and several emerging market countries, including Mexico, Peru, and Malaysia.

Key detractors from relative results included the Fund's:

- There were no significant detractors during the quarter.

2022

Key contributors to relative results included the Fund's:

- Exposure to several Latin American currencies, including the Brazilian real and Mexican peso; and,
- Holdings of certain credits, such as Petrobras, Southern Company, and Occidental Petroleum.

Key detractors from relative results included the Fund's:

- Exposure to U.S. interest rates, as Treasury yields rose significantly during 2022;
- Holdings of Russian local currency government bonds, which we sold early in the fourth quarter;
- High allocation to Corporate bonds (42%), with British American Tobacco, Charter, and Prosus among weaker-performing holdings;
- Holdings in Agency MBS detracted from returns; and,
- Exposure to interest rates in several Latin American countries, including Colombia and Mexico.

1. All returns are stated in U.S. dollars, unless otherwise noted. The Fund's total returns include dividends and interest income and reflect the deduction of expenses charged to the Fund. Index returns include dividends but, unlike Fund returns, do not reflect fees or expenses. The Fund is actively managed and uses the benchmark index for performance comparison purposes only. The Bloomberg Global Aggregate Bond Index is a widely recognised, unmanaged index of multi-currency, investment-grade fixed income securities. Bloomberg calculates a USD hedged return by applying one-month forward rates to seek to eliminate the effect of non-USD exposures.
2. Denotes the return of the Bloomberg Barclays Global Aggregate Bond Index (Hedged USD).
3. Denotes the return of the Bloomberg Barclays Global Aggregate Credit Bond Index (Hedged USD).
4. As measured by the Trade-Weighted U.S. Dollar Index, a measure of the value of the United States dollar relative to other world currencies.
5. One basis point is equal to 1/100th of 1%.
6. 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.
7. The use of specific examples does not imply that they are more or less attractive investments than the Fund's other holdings.
8. 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.
9. Duration is a measure of a bond's (or a bond portfolio's) price sensitivity to changes in interest rates.