Dodge & Cox®
Worldwide Funds

Emerging Markets Stock Fund

30 September 2022

Performance[1]

Total Returns (%)

	Unannualised Returns		Average Annual Total Returns		
	3 Months	YTD	1 Year	Since Inception	Inception Date
Emerging Markets Stock Fund					
USD Accumulating Class	-11.88%	-25.50%	-26.31%	-24.67%	11/05/21
GBP Accumulating Class	-3.82%	-9.62%	-11.12%	-10.68%	11/05/21
GBP Distributing Class	-3.81%	-9.60%	-11.11%	-10.67%	11/05/21
EUR Accumulating Class	-5.74%	-13.35%	-12.90%	-12.04%	11/05/21
MSCI Emerging Markets Index (in USD)	-11.57%	-27.16%	-28.11%	-23.78%	11/05/21

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

The third quarter of 2022 saw a continuation of the negative performance emerging markets equities experienced throughout the first half of the year. Higher interest rates, continued escalation of the Russia-Ukraine conflict, and general concern about a broad economic slowdown weighed on investor sentiment. The MSCI Emerging Markets Index had a total return of -11.6% for the quarter and -27.2% for the year to date. Within emerging markets, some sectors fared modestly better, including Energy, Financials, and Utilities.

The recent slump in emerging markets has created compelling valuation opportunities for long-term investors. Measured in terms of forward price to earnings, emerging market equities are in the 26th percentile relative to the valuation of U.S. stocks.[2] Additionally, there are pockets trading close to, or at, all-time low valuations, including Financials, Industrials, Greater China, and Latin America.

Portfolio Strategy

At Dodge & Cox, we invest on a bottom-up basis looking out over our three- to five-year time horizon. As a result, the recent market volatility has provided our investment team with an attractive and expanded opportunity set. For example, China has been one of the worst-performing large markets due to the government's zero-COVID policy and struggling Real Estate sector. We believe upcoming policy stimulus and reopening measures will likely lead to a strong cyclical recovery. The Fund is positioned to benefit from China "reopening" through its investments in Las Vegas Sands, Sands China, and other travel and leisure companies.[3]

In Materials, we recently started a new position in Teck Resources, which in addition to the Fund's existing position in Glencore, provides exposure to copper, a key long-term component in the shift towards decarbonisation and electric vehicles. In Financials, we also continue to find companies that we believe should benefit from rising interest rates, increased local wealth, and growth over time. During the third quarter, we purchased Hong Leong Financial Group, Bangkok Bank, and KB Financial Group. Finally, we sold two energy positions—Semirara Mining & Power and ITMG—that performed well and now trade at higher valuations.

While returns for the first nine months of 2022 were disappointing, we remain optimistic about the long-term role of emerging markets as a primary engine for global growth and as an attractive area for investment by our active, fundamental, price-disciplined investment team. Importantly, we continue to find ample opportunities to invest directly in leading emerging market franchises at reasonable valuations. Thank you for your continued confidence in Dodge & Cox.

Performance Review (USD Accumulating Class vs. MSCI Emerging Markets)

Third Quarter

Key contributors to relative results included the Fund's:

- Financials holdings (up 1% compared to down 5% for the MSCI Emerging Markets sector), notably ICICI Bank, Itau Unibanco, Axis Bank, and XP;
- China holdings, combined with an underweight position in the region; and,
- Position in Glencore.

Key detractors from relative results included the Fund's:

- Internet-related holdings, namely Prosus, Baidu, Alibaba, and JD.com; and,
- Positions in Grupo Televisa and Greentown Service Group.

Year to Date

Key contributors to relative results included the Fund's:

- Underweight position in Information Technology, the worst-performing sector of the market (down 41%);
- Energy holdings (down 9% compared to down 27% for the MSCI Emerging Markets sector), especially Petroleo Brasileiro, ITMG, and Semirara;
- Financials holdings, notably Itau Unibanco, ICICI Bank, Credicorp, and Axis Bank; and,
- Positions in Glencore and TSMC.

Key detractors from relative results included the Fund's:

- Russian holdings, particularly Magnit;
- MENA[4] holdings, combined with an underweight position in the region;
- Latin American holdings, notably CEMEX and Grupo Televisa; and,
- Position in Prudential (UK).

1. All returns are stated in U.S. dollars, unless otherwise noted. The Funds' total returns include dividends and interest income and reflect the deduction of expenses charged to the Funds. 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 MSCI Emerging Markets Index captures large- and mid-cap representation across emerging market countries.
2. Measured since 31 January 2004. Unless otherwise specified, all weightings and characteristics are as of 30 September 2022. Price-to-earnings (forward) ratios are calculated using 12-month forward earnings estimates from third-party sources as of the reporting period. Estimates reflect a consensus of sell-side analyst estimates, which may lag as market conditions change.
3. The use of specific examples does not imply that they are more or less attractive investments than the portfolio's other holdings.
4. MENA is the Middle East and North Africa.