

## MARKET COMMENTARY

In the first half of 2025, emerging market equities delivered robust results and benefitted from their currency strength versus the U.S. dollar, reasonable valuations, and notable technological breakthroughs. Returns were strong across several markets—South Korea, emerging Europe, and Latin America stood out as top performers. Other regions, such as MENA and India, fell behind. Communication Services, Industrials, and Financials were the strongest sectors within the MSCI Emerging Markets Index.

The strong performance in emerging market equities overall stood in contrast to the ongoing volatility and uncertainty in U.S. markets, which were impacted by shifting trade policies, volatile commodity prices, and heightened geopolitical risks. The U.S. dollar's depreciation was notable for any global investor: the trade-weighted U.S. dollar declined 7.5% in the first six months of 2025, reversing a decade-long strengthening trend. Valuations for emerging market equities continue to look attractive, especially relative to the U.S. equity market: the MSCI Emerging Markets trades at 12.7 times forward earnings, while the S&P 500 Index trades at 22.8 times.<sup>1</sup> The value of emerging market stocks relative to U.S. stocks remains at one of the lowest levels over the past 20 years, even after the MSCI Emerging Markets' strong performance in the first half of 2025.

Meanwhile, valuation dispersions among emerging market equities, as measured between sectors and regions, are at multi-decade highs. This diversity offers compelling opportunities for active investors, and the dispersion underscores the diversification benefits of emerging markets.

## INVESTMENT STRATEGY

We continue to focus on disciplined, long-term investing amid ongoing short-term volatility. Wide valuation dispersions and continued volatility opened the door to new opportunities this year. In the first six months alone, we initiated 28 positions and exited 15 positions, a strong indication of our ability to respond dynamically to shifting market conditions. We added most significantly to the Financials sector.

A distinguishing feature of the Fund is our exposure to the long-tail positions in the investment universe—often small and medium-sized companies with limited sell-side coverage. As of 30 June, 38% of the portfolio is invested in SMID-cap stocks.<sup>2</sup> Many of those are held in small positions (less than 50 basis points), but some of these positions have grown into larger holdings as our investment theses have evolved. For example, we increased the Fund's position in IndusInd Bank (India's fifth-largest private bank by assets) when the market was panicking about the bank's governance and liquidity during the first quarter of this year.<sup>3</sup> Our approach depends on comprehensive research, valuation discipline, and a willingness to act when a sentiment diverges from intrinsic value.

## Brazil and South Korea: Growth Beyond Expectations

At the end of 2024, we identified several investment opportunities in Brazil and South Korea, where steep valuation declines and negative market sentiment created attractive entry points. Those contrarian investments were key contributors to the Fund's USD Accumulating Class's performance in the first half of 2025, illustrating our approach of taking advantage of near-term dislocations to generate potential long-term returns.

Brazil's financial system wrestled with currency depreciation, rising interest rates, and fiscal pressures in 2024. We increased the Fund's investments in Brazilian financial stocks, especially XP, capitalising on lower valuations. In the first half of 2025, Brazil's equity market rebounded by 29.2%;<sup>4</sup> Itau Unibanco (Itau) and XP were the Fund's USD Accumulating Class's top two contributors. Itau is a private sector bank that we believe is one of the best financial institutions in the emerging markets. The company has a stable deposit base and highly regarded cost controls. Itau's management team has a long-term perspective on growth, and their significant ownership stake in the company aligns their interests with shareholders. Meanwhile XP, a major online broker-dealer in Brazil, faced problems due to the Brazilian macroeconomic environment, including slower inflows and a rapid evolution in the company's revenue mix. We are, however, encouraged by management's implementation of several initiatives to right the ship and have a constructive view on the stock. Brazil's equity market turnaround propelled strong returns from these holdings, validating our contrarian stance and illustrating our willingness to stay the course amidst uncertainty.

Political instability sparked a steep decline in South Korea's equity market in 2024 and led to compelling valuations that we believe overlooked long-term fundamentals. The Fund's investment in Coupang—the leading online retailer in South Korea—contributed strongly to the USD Accumulating Class's returns as South Korea's markets regained footing in the first half of 2025. There is also the potential for meaningful profit growth from a growing high-margin advertising business, as well as automation-led efficiency gains. As of 30 June, Coupang was a 2.3% position in the Fund.

Amidst the market concerns about South Korea, we also initiated small positions in Hanwha Aerospace (an aviation and defence firm) and Kiwoom (a financial services company). The two stocks returned 187% and 114%, respectively, during the first half of the year. These investments reflect our focus on uncovering stocks that we believe are mispriced.

## Trade and Supply-Chain Shifts: Vietnam and Mexico

Following a stream of U.S. announcements regarding sweeping global tariffs, there have been several structural shifts in global trade. The realignment in global trade policies and supply-chain patterns has significantly influenced certain fast-growing economies, such as Vietnam and Mexico. The Fund's bottom-up investments in these two markets exemplify how we seek to identify idiosyncratic opportunities within the context of larger macro currents.

At the depth of the trade war concerns in April this year, we built a position in Techcombank (TCB)—Vietnam's leading private bank—given its strong business culture, risk management framework, and exposure to the booming local property market. We also found attractive opportunities in Mexico: we added to Wal-Mart de Mexico (Walmex), the dominant Consumer Staples retailer in Mexico. Walmex has experienced some macroeconomic and competitive headwinds, but it has historically demonstrated a strong ability to weather storms through significant scale and operating advantages. We believe Walmex is positioned to benefit from improving consumer sentiment and increased infrastructure spending in Mexico.

### China and Technological Innovation

China's equity market rebounded significantly in late 2024 after the Politburo signaled stronger support for the economy. It continued with strong performance in the first half of 2025, partly on the "DeepSeek moment"—a nod to a Chinese artificial intelligence (AI) startup's breakthrough that highlighted the country's technological ingenuity. We maintained meaningful exposure to select Chinese internet companies,<sup>5</sup> such as Alibaba, which is seeing an acceleration in its cloud business thanks to AI adoption. We trimmed back the Fund's Alibaba and Prosus positions opportunistically during the rally.

Internet is not the only sector in which China is seeing global-leading innovation; for example, in the new Energy space, China has made significant strides. The Fund owns BYD (China's largest electric car manufacturer) and CATL (the largest lithium battery maker globally). We also added to AIA Group and Prudential PLC, which are levered to the strong insurance demand in China and Hong Kong. These moves underscore our emphasis on diversification within China, staying nimble, and capitalising on both rallies and pullbacks to balance risk and reward. As of 30 June, we continued to hedge portions of the Fund's Chinese-renminbi and Taiwanese-dollar exposures against the U.S. dollar, which detracted from the Fund's USD Accumulating Class's results in the first half of 2025.

### IN CLOSING

We remain focused on identifying long-term fundamental value amidst the short-term market noise. We continue to be optimistic about the long-term outlook for the Fund, which is diversified across a broad range of sectors, regions, and investment themes. We are also encouraged by the Fund's attractive valuation of 10.3 times forward earnings, compared to 12.7 for the MSCI Emerging Markets. Thank you for your continued confidence in Dodge & Cox. As always, we welcome your comments and questions.

On behalf of the Board of Directors of Dodge & Cox,



Dana M. Emery,

Chair and Chief Executive Officer, Dodge & Cox

31 July 2025

#### IN MEMORIAM: Charles Pohl (1958-2025)

We mourn the passing of our longtime colleague and friend, Charles Pohl. Charles joined Dodge & Cox in 1984 and served the firm with exceptional dedication for more than three decades, retiring in 2022. As Chairman and Chief Investment Officer, he was a steadfast steward of the firm's culture and investment approach. Charles was known for his intellect, passion for investing, and unwavering commitment to our clients. We honor his memory with deep gratitude for his enduring contributions to Dodge & Cox. His legacy continues to guide and inspire us.

1. Unless otherwise specified, all weightings and characteristics are as of 30 June 2025.
2. "SMID" refers to small and mid-capitalisation companies.
3. The use of specific examples does not imply that they are more or less attractive investments than the portfolio's other holdings.
4. All returns are stated in U.S. dollars, unless otherwise noted.
5. China Internet for the Emerging Markets Stock Fund consists of 37 Interactive Entertainment, Alibaba, Baidu, DiDi Global, IGG, JD.com, JOYY, NetEase, Prosus, Tencent, and Vipshop.

See [Disclosures](#) for a full list of financial terms and Index definitions.

Established in 1930, Dodge & Cox is one of the largest independently owned investment firms in the world. We manage money using a single value-oriented investment philosophy across a focused set of strategies.



Fund Inception  
11 May 2021



Active Share<sup>2</sup>  
77.9%



# of Companies  
251



Countries Represented<sup>3</sup>  
40

#### Details

Total Net Assets (millions) \$31.2  
Distribution Frequency Quarterly  
Portfolio Turnover<sup>6</sup> 28%  
(01/07/2024 to 30/06/2025)  
Base Currency U.S. Dollar  
Structure UCITS  
Domicile Ireland

#### Benchmark

MSCI Emerging Markets Index  
(MSCI EM)

#### Risk Metrics (3 Years)

Beta<sup>9,10</sup> 1.02  
Standard Deviation<sup>9,11</sup> 17.67

#### Investment Objective

The Emerging Markets Stock Fund seeks long-term growth of principal and income.

#### Investment Approach<sup>1</sup>

The Fund offers investors a highly selective, actively managed emerging market equity fund that invests in companies of any size, primarily in emerging markets, based on our analysis of companies' fundamentals relative to their current valuations. Generally, we:

- Target a diversified portfolio of equity securities issued by small-, mid-, and large-cap companies from emerging market countries that, in our opinion, appear to be temporarily undervalued by the stock market but have a favourable outlook for long-term growth. Emerging market issuers include those located in emerging market countries and those we determine to have significant economic exposure to emerging market countries.
- Select individual securities based on our analyses of various factors—including a company's financial strength, economic condition, competitive advantage, quality of the business franchise, financially material environmental, social, and governance (ESG) issues, and the reputation, experience, and competence of its management—as weighed against valuation.
- May use currency derivatives to hedge direct and/or indirect foreign currency exposure. The Fund may use equity derivatives, such as futures, options, and swaps, to create or hedge exposure to equity securities.

#### Share Classes

	Minimum Investment	Expense Ratio <sup>4</sup>	Historic Yield <sup>5</sup>	SEDOL	ISIN	Bloomberg
USD Accumulating Class	\$50,000	0.70%	-	BN6JJ04	IE00BN6JJ043	DOEMSUA
GBP Accumulating Class	£50,000	0.70%	-	BN6JJ15	IE00BN6JJ159	DCEMSGA
GBP Distributing Class	£50,000	0.70%	1.9%	BN6JJ26	IE00BN6JJ266	DCEMSGI
EUR Accumulating Class	€50,000	0.70%	-	BN6JJ37	IE00BN6JJ373	DCEMSEA

#### Performance<sup>7,8</sup>

Total Returns (%)	Unannualised Returns		Average Annual Total Returns				Inception Date
	3 Months	YTD	1 Year	3 Years	Since Inception		
Emerging Markets Stock Fund							
USD Accumulating Class	10.29	16.40	16.53	12.58	2.17		11/05/21
GBP Accumulating Class	3.78	6.13	7.34	8.20	2.91		11/05/21
GBP Distributing Class	3.83	6.10	7.33	8.19	2.91		11/05/21
EUR Accumulating Class	1.26	2.36	5.92	8.27	2.93		11/05/21
MSCI EM Index (in USD)	11.99	15.27	15.29	9.70	0.59		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](http://dodgeandcox.com) for current month-end performance figures.

#### Investment Committee

Managed by the Emerging Markets Equity Investment Committee, whose members' average tenure at Dodge & Cox is 18 years.



**David Hoeft**  
CIO (32 yrs at Dodge & Cox)



**Phil Barret**  
Global Industry Analyst  
(21 yrs)



**Sophie Chen**  
Global Industry Analyst  
(13 yrs)



**Rameez Dossa**  
Global Industry Analyst  
(12 yrs)

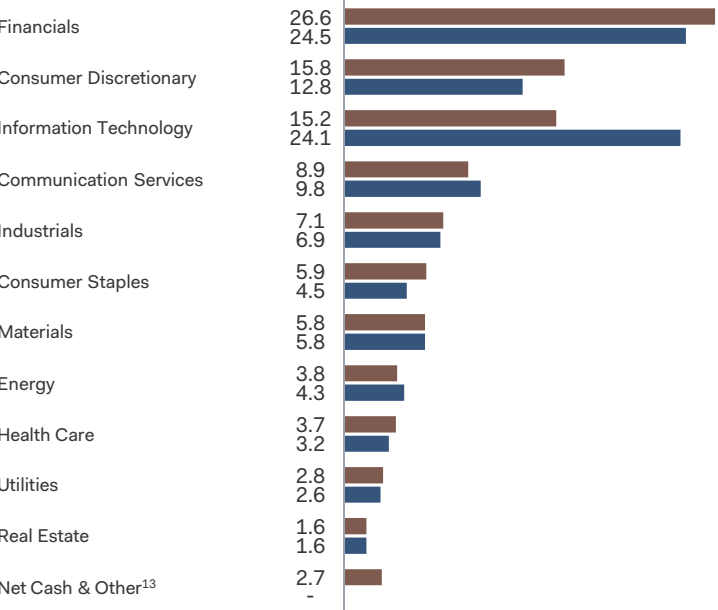


**Robert Turley**  
Portfolio Strategy  
Analyst (12 yrs)

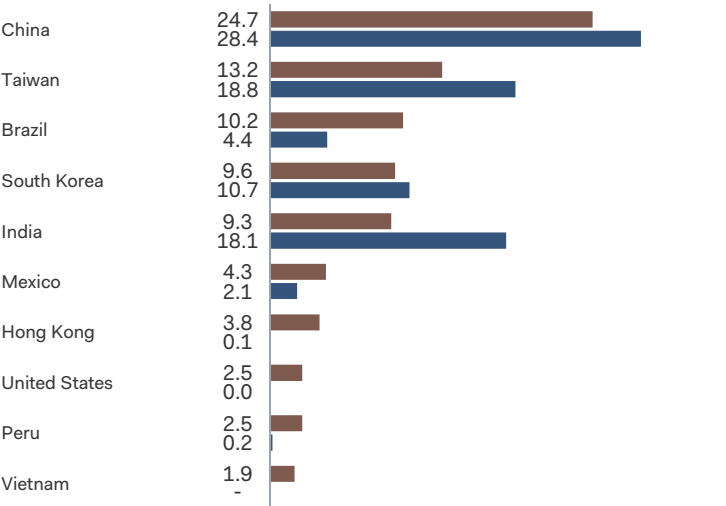
Portfolio Breakdown (% of Fund)

Fund MSCI EM

Sectors<sup>12</sup>



Ten Largest Countries<sup>3,12,14</sup>



Ten Largest Equity Positions (% of Fund)<sup>12,15</sup>

	Fund	MSCI EM
Taiwan Semiconductor Manufacturing Co., Ltd. (Taiwan)	7.2	10.2
Alibaba Group Holding, Ltd. (China)	3.5	2.7
Itau Unibanco Holding SA (Brazil)	2.8	0.4
HDFC Bank, Ltd. (India)	2.7	1.5
Tencent Holdings, Ltd. (China)	2.6	4.7
Coupang, Inc. (South Korea)	2.3	-
Credicorp, Ltd. (Peru)	2.3	0.2
National Energy Services Reunited Corp. (United States)	2.0	-
Ambev SA (Brazil)	2.0	0.1
XP, Inc. (Brazil)	1.9	0.1

Portfolio Characteristics

	Fund	MSCI EM
Price-to-Earnings (forward) <sup>16,17</sup>	10.3x	12.7x
Price-to-Book Value	1.5x	1.9x
Price-to-Sales <sup>18</sup>	0.9x	1.5x
Weighted Average Market Cap. (billions) <sup>19</sup>	\$127	\$144
Median Market Cap. (billions) <sup>20</sup>	\$6	\$3
Dividend Yield (trailing) <sup>21</sup>	3.0%	2.6%

Risks

The Fund is subject to market risk, meaning holdings in the Fund may decline in value for extended periods due to the financial prospects of individual companies or due to general market and economic conditions. Emerging market securities may present issuer, market, currency, liquidity, volatility, valuation, legal, political, and other risks different from, and potentially greater than the risks of investing in securities of issuers in more developed markets. Please read the [prospectus](#) for specific details regarding the Fund's risk profile.

1 Please see the Fund's Sustainable Finance Disclosures Regulation SFDR Disclosure available at [dodgeandcox.com](#).  
2 Active Share is a measure of how much an investment portfolio differs from its primary benchmark index, based on a scale of 0% (complete overlap with the index) to 100% (no overlap). Overlap for each security in the Fund is the lower of either its percentage weight in the Fund or its percentage weight in the relevant index. Active share is calculated as 100% minus the sum of the overlapping security weights.  
3 The Fund may classify a company or issuer in a different category than the Index. The Fund usually classifies a company or issuer based on its country of risk, but may designate a different country in certain circumstances.  
4 Dodge & Cox has voluntarily agreed to reimburse the Fund for all ordinary expenses to the extent necessary to limit aggregate annual ordinary expenses to 0.70% of the average daily net assets of each share class. Dodge & Cox may terminate or modify this agreement upon 30 days' notice to shareholders.  
5 Historic yield reflects distributions declared over the past twelve months as a percentage of the current share price. Investors may be subject to tax on their distributions.  
6 Portfolio Turnover is calculated as the lesser of the portfolio purchases or sales divided by the average portfolio value for the period.  
7 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.  
8 The Fund is actively managed and uses the benchmark index for performance comparison purposes only.  
9 The data represents the USD Accumulating Share Class.  
10 Beta is a measure of the volatility—or systematic risk—of a portfolio compared to the benchmark measured over a specified time period.  
11 Standard Deviation measures the volatility of the Fund's returns. Higher Standard Deviation represents higher volatility.  
12 Excludes derivatives.  
13 Net Cash & Other includes cash, short-term investments, unrealised gain (loss) on derivatives, receivables, and payables.  
14 A company or issuer located in a developed market country may still be considered an "emerging markets issuer" for other purposes if it has significant economic exposure to emerging markets.  
15 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.  
16 The portfolio's Price-to-Earnings ratios exclude extraordinary items and negative earnings. Benchmark figures exclude extraordinary items but include negative earnings.  
17 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.  
18 Portfolio and benchmark calculation excludes Financials, Utilities, and Real Estate.  
19 This figure sums the product of each holding's company market capitalisation (market price multiplied by the number of shares outstanding) and weighting in the portfolio.  
20 Median market capitalisation represents the midpoint of market capitalisation for all of the equity securities in the portfolio. Half of the securities will have a higher market capitalisation and half will have a lower market capitalisation. (Market capitalisation is a measure of the security's size. It is the market price of a security multiplied by the number of shares outstanding.)  
21 Dividend yield is an indication of the income generated by the Fund's portfolio holdings. It represents a weighted average of the gross dividend yields for each holding.

Figures represented by a dash are zero or have no associated data while figures represented by a zero may be rounded to zero.  
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