Dodge & Cox®
Worldwide Funds

Global Bond Fund

MARKET COMMENTARY

2022 was a historically challenging year for investors as nearly every asset class experienced negative returns. Inflation continued to rise around the world, and central bankers pursued aggressive rate hikes in response. As a result of tightening financial conditions, recession expectations intensified. The Russian invasion of Ukraine contributed to soaring global energy and food prices with an acute impact on Europe, where summer spikes in natural gas prices raised fears of energy shortages. Meanwhile, China's zero-COVID policy constrained growth for much of the year before restrictions were lifted in December. This mix of inflation, geopolitical risk, and recession fears led to relatively high volatility across interest rates, credit spreads, and currency markets. In this environment, major bond indices experienced double-digit declines, driven by rate increases as well as rising spreads for credit securities. Furthermore, the strength of the U.S. dollar was a headwind to returns on investments denominated in other currencies.

Within developed markets, year-over-year inflation reached multi-decade highs in several economies, including the United States (9.1% in June) and the European Union (11.5% in October). In emerging markets, the picture was mixed, as inflation was relatively moderate in Asia compared to Eastern Europe and Latin America. The rise in inflation globally was due in part to the economic rebound from COVID-related lockdowns and the stimulative policy measures many governments pursued in response. To combat inflation, central banks around the globe increased policy rates, and long-term rates rose significantly. Over the course of the year, the amount of negative-yielding debt fell from over $11 trillion to nearly zero.

During the first nine months of 2022, relatively high rates in the United States and surging demand for safe-haven assets bolstered the U.S. dollar against most developed and emerging market currencies. At its peak in late September, the broad trade-weighted dollar[1] was up more than 11%, before declining in the fourth quarter and finishing the year up 5.3%. Several currencies experienced double-digit declines, including the Colombian peso and the Japanese yen. However, a handful of currencies appreciated. For example, the Brazilian real and the Mexican peso rose by more than 5% on the back of monetary tightening, higher commodity prices, and declining risk premiums.

Credit spreads experienced several ups and downs on their way to finishing the year wider. Investment-grade corporate spreads rose to 147 basis points[2] (bps), while high-yield spreads rose to 502 bps. Credit markets performed strongly in the fourth quarter as spreads declined sharply due to improving global sentiment regarding inflation and the economic re-opening in China.

INVESTMENT STRATEGY

Market volatility in 2022 created ample long-term investment opportunities. Across the three primary dimensions of our global bond strategy—credit, currency, and rates—2022 was an especially active year for our Investment Committee. Employing our bottom up, valuation-driven approach, we added 12 percentage points to the Fund's Credit[3] weighting, lengthened duration[4] by 0.8 years, and made several adjustment to our currency positioning, which included adding over five percentage points to developed market currencies.[5]

Rates: Ready for a Reprieve

The upward movement in rates during 2022 was broad-based, sizeable, and rapid. But we believe the worst pain is behind us as inflation appears to be moderating. The higher starting yield levels have increased income potential while providing a cushion against further rate increases. We lengthened the Fund's duration from 3.9 to 4.7 over the course of the year. While we are more comfortable with interest rate risk, we believe some caution is warranted given a still uncertain inflation outlook.

In the United States, we incrementally extended duration as we believe the Federal Reserve will ultimately be successful in returning inflation close to its 2% target, which should lead to stable or moderately lower long-term interest rates over our long-term investment horizon. In the near future, we anticipate the Fed will keep policy rates high until there is clear progress on reducing inflation and visible weakness in labor markets. Despite recent rate increases in Europe and Japan, we are still avoiding interest rate exposure to these economies because yields remain low and their central banks are further behind in their tightening process.

We continue to find compelling opportunities in emerging market government bonds. We find value in longer-maturity bonds in several Latin American markets, such as Brazil, Mexico, and Peru, where central banks have aggressively increased rates to help quell inflation and risk premiums are relatively high. In the fourth quarter, we extended the duration of our Korean bond holdings based on our view of favourable inflation trends and the increasing likelihood that the Bank of Korea is near the end of its hiking cycle. In addition, Korea's demographic profile and high savings rate could exert downward pressure on long-term interest rates over our investment horizon.

Currency: Finding Value in Developed Markets

As many currencies depreciated over the course of 2022, we opportunistically increased the Fund's non-U.S. dollar exposure, particularly to developed market currencies, such as the Australian dollar, euro, Japanese yen, and Swedish krona. We also made several changes to our emerging market currency exposures, including selling the Indian rupee and reducing the Indonesian rupiah, while adding to the Brazilian real and initiating a position in the Korean won. The Fund's developed market currency exposure increased from 2.0% to 7.7% over the course of the year, while the Fund's overall non-U.S. dollar weighting increased to 24.2%.

The Fund's newest currency exposure is the Australian dollar, which fell to 20-year valuation lows in 2022. The Australian economy is in a favourable position, bolstered by record trade surpluses, strong energy exports, a healthy fiscal position, and relatively better growth prospects than other developed countries.

Reflecting our positive view of the currency, we established a 0.5% position in the bonds of New South Wales, the largest state in Australia. The bonds are rated AAA and offer some incremental yield over Australian government bonds.

Each of our currency investment decisions is based on a mix of valuation, economic, and policy factors, consistent with our bottom-up approach to portfolio construction. Metrics like purchasing power parity signaled significant and rare levels of undervaluation across our developed markets currency additions. Our research suggests that sizeable starting levels of undervaluation can help long-term investors, like ourselves, in identifying attractive currencies.

Credit: Opportunistically Leaning In

We were highly active in the Credit sector during 2022, increasing the Fund's weighting by nearly 12 percentage points to end the year at 59%. In the first half of the year, we added significantly to credit, particularly during periods of market weakness and volatility such as immediately following Russia's invasion of Ukraine. In the second half of the year, the Fund's exposure increased by roughly two percentage points.

The Utilities sector is one area where we were active during the year, as we added to our holdings in Enel, NextEra Energy, and Southern Company.[6] Enel is a large, Italy-based utility with operations across Europe and the Americas. We added to the Fund's position in subordinated Enel bonds during the first half of the year, and also purchased 30-year senior bonds during the fourth quarter. Although Enel's credit spreads were adversely affected during the year by Russia's invasion of Ukraine and the Italian elections, we believe these developments provided attractive opportunities to increase our position in a large, geographically diversified company with a relatively stable core business.

In general, credit valuations have become more attractive than they have been on average over the last decade and corporate fundamentals are generally strong. While recession risk remains front of mind, we have confidence in our deliberative, highly selective underwriting process, which has helped us weather previous periods of volatility and default cycles. We believe the Fund's holdings are attractively priced relative to their fundamentals and offer opportunities to earn incremental yield, while also offering the potential to appreciate in price.

IN CLOSING

With significantly higher yields available across the markets and a possible turn in the U.S.-dollar cycle, we are optimistic about the return outlook for our portfolio. While economic and political uncertainties may persist, we believe these can create excellent opportunities for our active, bottom-up, and long-term investment approach.

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

Dana M. Emery,
Chair and Chief Executive Officer, Dodge & Cox
6 February 2023

1. 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.
2. One basis point is equal to 1/100th of 1%.
3. 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.
4. Duration is a measure of a bond's (or a bond portfolio's) price sensitivity to changes in interest rates.
5. Unless otherwise specified, all weightings include accrued interest and weightings and characteristics are as of 31 December 2022.
6. The use of specific examples does not imply that they are more or less attractive investments than the Fund's other holdings.

Dodge & Cox®
Worldwide Funds

Global Bond Fund

31 December 2022

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
1 May 2014

Diversified Portfolio

Seeks Above-Average Yield to Maturity[2]

Countries Represented[3]
22

Details

Total Net Assets (millions)	$384.3
Distribution Frequency	Quarterly
Portfolio Turnover[6] (1/1/22 to 31/12/22)	139%
Base Currency	U.S. Dollar
Structure	UCITS
Domicile	Ireland

Benchmark

Bloomberg Global Aggregate Bond Index (USD Hedged) - BBG Global Agg (H)

Risk Metrics (5 Years)

Standard Deviation[9,10]	7.61
Sharpe Ratio[9,11]	0.16

Investment Committee

Managed by the Global Fixed Income Investment Committee, whose members' average tenure at Dodge & Cox is 22 years.

Investment Objective

The Global Bond Fund seeks a high rate of total return consistent with long-term preservation of capital.

Investment Approach[1]

The Fund offers investors a highly selective, actively managed fund that complements core bond holdings by providing a diversified portfolio of carefully researched investments across global credit, currency, and interest rate markets over a long-term horizon. Generally, we:

- Invest with a total return mindset across a global investment universe that includes government and government-related obligations, mortgage- and asset-backed securities, corporate and municipal bonds, and other debt securities, from both developed and emerging markets.
- Build a diversified portfolio across several dimensions, including sector, country, currency and economic exposure.
- Select individual securities based on fundamental research and consider a variety of factors, including yield, credit quality, liquidity, covenants, call risk, duration, structure, and capital appreciation potential, as well as financially material environmental, social, and governance (ESG) issues.
- May employ various currency, interest rate, and credit-related derivatives, including forwards, futures, and swaps.

Share Classes

	Minimum Investment	Expense Ratio[4]	Distribution Yield[5]	SEDOL	ISIN	Bloomberg
USD Accumulating Class	$50,000	0.45%	-	B5568D6	IE00B5568D66	DCGBDUA
GBP Distributing Class	£50,000	0.45%	4.7%	B556C01	IE00B556C015	DCGBDGI
GBP Distributing Class (H)	£50,000	0.45%	4.7%	BLG2YK4	IE00BLG2YK48	DCGBGIH
EUR Accumulating Class	€50,000	0.45%	-	B51Q8R4	IE00B51Q8R41	DCGBDEA
EUR Accumulating Class (H)	€50,000	0.45%	-	BLG30W1	IE00BLG30W12	DCGBEAH
EUR Distributing Class	€50,000	0.45%	4.7%	BLG2YF9	IE00BLG2YF94	DCGBDEI
EUR Distributing Class (H)	€50,000	0.45%	4.7%	BLG2YG0	IE00BLG2YG02	DCGBEIH
CHF Distributing Class (H)	CHF50,000	0.45%	4.7%	BN6JJ48	IE00BN6JJ480	DOPGBHC

Performance[7,8]

Total Returns (%)

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

Dana Emery
Chair and CEO
(39 yrs at Dodge & Cox)

Tom Dugan
Director of Fixed Income (28yrs)

Jim Dignan
Fixed Income Analyst
(23 yrs)

Lucy Johns
Assoc. Director of Fixed Income (20 yrs)

Adam Rubinson
Fixed Income Analyst
(20 yrs)

Matt Schefer
Fixed Income Analyst
(14 yrs)

Jose Ursua
Fixed Income Analyst
(7 yrs)

Portfolio Breakdown (% of Fund)

Sectors[12]

Government	33.7
Government-Related	5.7
Securitised	8.8
Corporate	52.3
Net Cash & Other[13]	-0.5

Credit Quality[12,14]

AAA	19.8
AA	2.1
A	10.8
BBB	38.4
BB	27.5
B	2.0
CCC and Below	-
Not Rated	-
Net Cash & Other[13]	-0.5

Five Largest Countries[3,12]

United States	46.3
United Kingdom	9.9
Mexico	8.4
Brazil	5.6
Italy	5.3

Five Largest Currencies (Net)[15]

U.S. Dollar	75.8
Mexican Peso	4.6
Brazilian Real	3.5
Japanese Yen	3.4
Colombian Peso	1.9

Ten Largest Issuers (% of Fund)[16]

	Fund
U.S. Treasury Note/Bond	11.7
Mexico Government	4.6
UMBS TBA	3.6
Brazil Government	3.5
Japan Government	3.4
British American Tobacco PLC	2.6
Colombia Government	2.5
Enel SPA	2.5
T-Mobile U.S., Inc.	2.2
Charter Communications, Inc.	2.2

Portfolio Characteristics

	Fund
Yield to Worst[17]	6.9%
Effective Duration (years)[18]	4.7
Effective Maturity (years)	17.3
Number of Credit Issuers	54
Emerging Markets[3]	27.4%
Non-USD Currency Exposure[15]	24.2%

Risks

The yields and market values of the instruments in which the Fund invests may fluctuate. Accordingly, your investment may be worth more or less than its original cost. Debt securities are subject to interest rate risk, credit risk, and prepayment and call risk, all of which could have adverse effects on the value of the Fund. Investments in certain countries, particularly underdeveloped or developing countries, may be subject to heightened political and economic risks. The Fund's use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other more traditional investments. 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 Based on yield to maturity, which is the total rate of return anticipated for a bond if it is held to maturity, assuming all interest payments are made on schedule and the original principal amount is repaid.
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 0.45% 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 Distribution yield reflects the amounts that may be expected to be distributed over the next 12 months as a percentage of the current share price. The distribution yield is the same as the underlying yield. 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 Standard Deviation measures the volatility of the Fund's returns. Higher Standard Deviation represents higher volatility.
11 Sharpe Ratio is a risk-adjusted measure that calculates excess performance with respect to the risk-free rate per unit of volatility over the time frame
12 Excludes currency and interest rate derivatives.
13 Net Cash & Other includes cash, short-term investments, unrealised gain (loss) on derivatives, receivables, and payables.
14 The credit quality distribution shown for the Fund is based on the middle of Moody's, S&P, and Fitch ratings, which is the methodology used by Bloomberg in constructing its indices. A rating of AAA is the highest possible credit rating, while a rating in the C's or D's is the lowest. 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, S&P, and Fitch ratings to determine compliance with the quality requirements stated in its prospectus. On that basis, the Fund held 19.7% in securities rated below investment grade. For consistency purposes, we use the S&P and Fitch rating categories. The credit quality of the investments in the portfolio does not apply to the stability or safety of the Fund or its shares.
15 Currency exposure reflects the value of the portfolio's investments based on the currencies in which they are issued, as well as the impact of any currency derivatives.
16 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.
17 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.
18 Effective Duration is a measure of a portfolio's interest rate sensitivity, including the impact of derivatives used to adjust duration.

Figures represented by a dash are zero or have no associated data while figures represented by a zero may be rounded to zero.
Market values for debt securities include accrued interest.
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.