DODGE & COX FUNDS®

December 31, 2017

Balanced Fund

Ticker Symbol
DODBX

Objectives
- The Fund seeks regular income, conservation of principal, and an opportunity for long-term growth of principal and income.

Strategy
- The Fund invests in a diversified portfolio of equity securities and debt securities.

Equity Securities: The Fund typically invests in companies that, in Dodge & Cox's opinion, appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. Under normal circumstances, the Fund will invest no less than 25% and no more than 75% of its total assets in equity securities.

Debt Securities: The Fund invests primarily in investment-grade debt securities including government and government-related obligations, mortgage- and asset-backed securities, corporate and municipal bonds, and other debt securities. To a lesser extent, the Fund may also invest in below investment-grade debt securities.

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. The Fund also invests in individual bonds whose yields and market values fluctuate, so that 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. Please read the prospectus for specific details regarding the Fund's risk profile.

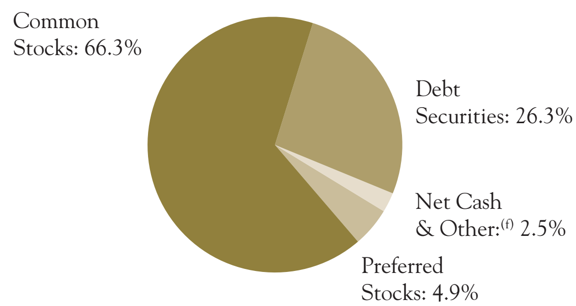
GENERAL INFORMATION

Net Asset Value Per Share	$107.00
Total Net Assets (billions)	$16.4
Expense Ratio	0.53%
Portfolio Turnover Rate	19%
30-Day SEC Yield[(a)]	1.79%
Fund Inception	1931

No sales charges or distribution fees

Investment Manager: Dodge & Cox, San Francisco. Managed by the U.S. Equity Investment Committee, whose eight members' average tenure at Dodge & Cox is 24 years, and by the U.S. Fixed Income Investment Committee, whose eight members' average tenure is 22 years.

ASSET ALLOCATION



EQUITY PORTFOLIO (71.2%)	Fund
Number of Common Stocks	**66**
Number of Preferred Stocks	**5**
Median Market Capitalization (billions)[(b)]	**$52**
Price-to-Earnings Ratio[(b)(c)]	**16.1x**
Foreign Securities not in the S&P 500[(d)]	**7.6%**

FIVE LARGEST SECTORS (%)	Common	Preferred	Fund
Financials	19.0	4.6	**23.6**
Health Care	15.1	–	**15.1**
Information Technology	11.7	–	**11.7**
Consumer Discretionary	9.7	0.3	**10.0**
Energy	5.4	–	**5.4**

TEN LARGEST EQUITIES (%)[(e)]	Common	Preferred	Fund
Wells Fargo & Co.	2.5	1.5	**4.0**
JPMorgan Chase & Co.	1.7	1.7	**3.4**
Bank of America Corp.	2.5	0.5	**3.0**
Charles Schwab Corp.	2.7	–	**2.7**
Capital One Financial Corp.	2.6	–	**2.6**
Comcast Corp.	2.1	–	**2.1**
Alphabet, Inc.	2.0	–	**2.0**
Microsoft Corp.	1.9	–	**1.9**
Charter Communications, Inc.	1.8	–	**1.8**
Novartis AG (*Switzerland*)	1.8	–	**1.8**

FIXED INCOME PORTFOLIO (26.3%)	Fund
Number of Credit Issuers	**46**
Effective Duration (years)[(g)]	**4.3**

SECTOR DIVERSIFICATION (%)	Fund
U.S. Treasury[(h)]	**4.1**
Government-Related[(i)]	**1.8**
Securitized	**10.6**
Corporate	**9.8**

CREDIT QUALITY (%)[(j)]	Fund
U.S. Treasury/Agency/GSE[(h)]	**13.8**
Aaa	**0.5**
Aa	**1.0**
A	**0.9**
Baa	**8.1**
Ba	**1.6**
B	**0.0**
Caa	**0.4**

FIVE LARGEST CREDIT ISSUERS (%)[(e)]	Fund
Charter Communications, Inc.	**0.6**
State of California GO	**0.6**
Bank of America Corp.	**0.6**
Petroleos Mexicanos	**0.5**
State of Illinois GO	**0.5**

(a) 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.
(b) Excludes the Fund's preferred stock positions.
(c) Price-to-earnings (P/E) ratio is calculated using 12-month forward earnings estimates from third-party sources.
(d) Foreign stocks are U.S. dollar denominated.
(e) 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.
(f) Net Cash & Other includes cash, short-term investments, derivatives, receivables, and payables.
(g) Interest rate derivatives reduce the duration of the fixed income portfolio by 0.6 years (i.e., total portfolio duration is 4.9 without derivatives).
(h) Data as presented excludes the Fund's position in Treasury futures contracts.
(i) The portfolio's Government-Related holdings include tax-exempt municipal securities; the BBG Barclays U.S. Agg classifies these securities as Municipal Bonds.
(j) 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. 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. The credit quality of the investments in the portfolio does not apply to the stability or safety of the Fund or its shares.

Average Annual Total Return[1]

For periods ended December 31, 2017	1 Year	3 Years	5 Years	10 Years	20 Years
Dodge & Cox Balanced Fund	12.59%	8.42%	12.24%	7.09%	8.46%
Combined Index	14.21	7.83	10.27	6.99	6.62

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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. Fund performance changes over time and currently may be significantly lower than stated above. Performance is updated and published monthly. Visit the Fund's website at dodgeandcox.com or call 800-621-3979 for current month-end performance figures.

The Dodge & Cox Balanced Fund had a total return of 3.6% for the fourth quarter of 2017, compared to 4.1% for the Combined Index[1] (a 60/40 blend of stocks and fixed income securities). For 2017, the Fund had a total return of 12.6%, compared to 14.2% for the Combined Index.

INVESTMENT COMMENTARY

U.S. equity markets continued to climb steadily during the fourth quarter, capping off a year of strong performance and low volatility. The S&P 500 reached an all-time high in mid-December and ended the year up 22%. The extraordinary rally in U.S. equities since March 2009 is the second-longest bull market in U.S. history.

During 2017, U.S. growth stocks (the higher valuation portion of the equity market) outperformed value stocks (the lower valuation portion) by 17 percentage points overall.[2] Companies associated with technological advances led the market. The "FAANG" growth stocks—Facebook, Amazon, Apple, Netflix, and Google—were particularly strong and accounted for 20% of the S&P 500's total return. Dodge & Cox's approach is value oriented, and the equity portfolio outperformed the U.S. value investment universe by approximately five percentage points.[3] However, the outperformance of growth stocks had a negative impact on the equity portfolio's relative results versus the broad-based S&P 500.

U.S. equity valuations are now at the high end of the historical range. While we have a tempered return outlook for the overall U.S. market, we are optimistic about the long-term prospects for the equity portfolio, which continues to trade at a significant discount to the overall market. On December 31, the 66 common equities held by the equity portfolio traded at 16 times forward estimated earnings, compared to 20 times for the S&P 500.

In fixed income, the U.S. investment-grade bond market generated a modest positive return in the fourth quarter of 2017, as strong performance from the corporate bond sector was largely offset by price declines associated with rising interest rates. The flattening of the U.S. yield curve was notable, as 2-year yields rose by 40 basis points[4] but longer term rates remained anchored, resulting in the flattest curve since 2007. Several factors influenced the fixed income markets, including generally positive economic data, the prospect of business-friendly tax cuts, and a rate hike by the Federal Reserve.

Investment-grade corporate bonds returned 1.2%[5] for the quarter, outperforming comparable-duration[6] Treasuries by one percentage point. The resilient credit market shrugged off a mid-quarter sell-off, and credit yield premiums ended 2017 at their narrowest level in ten years. The corporate sector benefited from robust global demand for yield and generally positive earnings announcements as well as the prospect of lower corporate tax rates. Meanwhile, Agency[7] MBS returned 0.2% and outperformed comparable-duration Treasuries by 0.2 percentage points.

Overall, we remain optimistic about the long-term outlook for the Fund. Our fundamental, active, value-oriented investment approach requires conviction and patience. Accordingly, maintaining a long-term investment horizon and staying the course are essential. We thank our fellow shareholders for your continued confidence in Dodge & Cox.

FOURTH QUARTER PERFORMANCE REVIEW

The Fund underperformed the Combined Index by 0.5 percentage points during the quarter.

EQUITY PORTFOLIO[8]

- Returns from holdings in the Consumer Discretionary sector (up 3% compared to up 10% for the S&P 500 sector) negatively impacted relative results. Time Warner (down 10%) and Charter Communications (down 8%) lagged.
- The portfolio's higher average weighting in the Health Care sector (23% versus 14% for the S&P 500 sector) detracted; certain Pharmaceuticals holdings underperformed, including Sanofi (down 14%) and GlaxoSmithKline (down 11%).
- The portfolio's Financials holdings (up 11% compared to up 9% for the S&P 500 sector) and higher average weighting in the sector (28% versus 15%) helped results. Capital One Financial (up 18%) and Charles Schwab (up 18%) were particularly strong.

FIXED INCOME PORTFOLIO

- Security selection within credit was positive as certain holdings performed well, particularly Rio Oil Finance Trust. Other notable outperformers included AT&T, Bank of America capital securities, and Time Warner.
- The portfolio's overweight to corporate bonds and underweight to U.S. Treasuries added to relative returns given the strong performance of credit.
- The portfolio's lower exposure to long-term (10+ years) bonds detracted from relative returns as the yield curve flattened; however, this effect was offset by the portfolio's overall shorter relative duration (74%[9] of the Bloomberg Barclays U.S. Agg's duration).

2017 PERFORMANCE REVIEW

The Fund underperformed the Combined Index by 1.6 percentage points in 2017. The Fund's higher allocation to equities had a positive impact on relative results, which was partially offset by the impact of holding S&P 500 Index put options.

EQUITY PORTFOLIO

- Returns from holdings in the Energy sector (down 16% compared to down 1% for the S&P 500 sector), combined with a higher average weighting (8% versus 6%), detracted from results. Apache (down 32%) and Baker Hughes (down 27%) were weak.
- Relative results were hindered by the strong performance of several large stocks not held by the portfolio (e.g., Amazon, Apple, Facebook).
- A number of individual holdings contributed, including Alnylam Pharmaceuticals (up 239%), Cigna (up 52%), Wal-Mart (up 47%), HP Inc. (up 46%), and several financial services companies.

FIXED INCOME PORTFOLIO

- Security selection within credit was strongly positive as several corporate holdings performed well, including Bank of America capital securities, Citigroup capital securities, and Telecom Italia. Certain emerging market-domiciled holdings also outperformed, including Pemex and Rio Oil Finance Trust.
- The portfolio's overweight to corporate bonds added to relative returns given the strong performance of credit.
- The portfolio's lower exposure to long-term (10+ years) bonds detracted from relative returns as the yield curve flattened.

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1 The Fund's total returns include the reinvestment of dividend and capital gain distributions, but have not been adjusted for any income taxes payable by shareholders on these distributions or on Fund share redemptions. Index returns include dividends and/or interest income but, unlike Fund returns, do not reflect fees or expenses. The Combined Index reflects an unmanaged portfolio (rebalanced monthly) of 60% of the S&P 500 Index, which is a market capitalization-weighted index of 500 large-capitalization stocks commonly used to represent the U.S. equity market, and 40% of the Bloomberg Barclays U.S. Aggregate Bond Index, which is a widely recognized, unmanaged index of U.S. dollar-denominated, investment-grade, taxable fixed income securities. The Fund may, however, invest up to 75% of its total assets in equity securities.

2 The Russell 1000 Growth Index had a total return of 30.2% compared to 13.7% for the Russell 1000 Value Index during 2017.

3 The equity portfolio had a total return of 18.6% compared to 13.7% for the Russell 1000 Value Index during 2017.

4 One basis point is equal to 1/100th of 1%.

5 Sector returns as calculated and reported by Bloomberg.

6 Duration is a measure of a bond's (or bond portfolio's) price sensitivity to changes in interest rates.

7 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.

8 Excludes the Fund's preferred stock positions.

9 Unless otherwise noted, figures cited in this section denote positioning at the beginning of the period.

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, visit dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.