September 30, 2017

DODGE & COX FUNDS®

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.

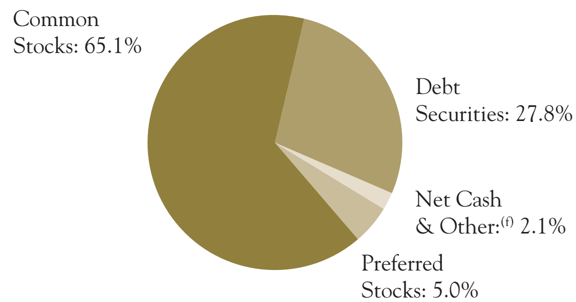
GENERAL INFORMATION

Net Asset Value Per Share	$108.75
Total Net Assets (billions)	$16.2
Expense Ratio	0.53%
Portfolio Turnover Rate (1/1/17 to 6/30/17, unannualized)	10%
30-Day SEC Yield[a]	1.74%
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 (70.1%)	Fund
Number of Common Stocks	**68**
Number of Preferred Stocks	**5**
Median Market Capitalization (billions)[b]	**$46**
Price-to-Earnings Ratio[b][c]	**15.6x**
Foreign Securities not in the S&P 500[d]	**7.4%**

FIVE LARGEST SECTORS(%)	Common	Preferred	Fund
Financials	18.1	4.7	**22.8**
Health Care	14.4	–	**14.4**
Information Technology	11.7	–	**11.7**
Consumer Discretionary	9.4	0.3	**9.7**
Energy	5.3	–	**5.3**

TEN LARGEST EQUITIES(%)[e]	Common	Preferred	Fund
Wells Fargo & Co.	2.3	1.6	**3.9**
JPMorgan Chase & Co.	1.5	1.7	**3.2**
Bank of America Corp.	2.5	0.5	**3.0**
Charles Schwab Corp.	2.3	–	**2.3**
Capital One Financial Corp.	2.2	–	**2.2**
Charter Communications, Inc.	2.0	–	**2.0**
Sanofi *(France)*	2.0	–	**2.0**
Goldman Sachs Group, Inc.	2.0	–	**2.0**
Alphabet, Inc.	1.9	–	**1.9**
Novartis AG *(Switzerland)*	1.8	–	**1.8**

FIXED INCOME PORTFOLIO (27.8%)	Fund
Number of Credit Issuers	**48**
Effective Duration (years)	**4.4**

SECTOR DIVERSIFICATION (%)	Fund
U.S. Treasury[g]	**4.4**
Government-Related	**1.8**
Securitized	**10.7**
Corporate	**10.9**

CREDIT QUALITY (%)[h]	Fund
U.S. Treasury/Agency/GSE[g]	**14.2**
Aaa	**0.6**
Aa	**1.0**
A	**0.8**
Baa	**8.9**
Ba	**1.9**
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**
Telecom Italia SPA	**0.4**

(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) Data as presented excludes the Fund's position in Treasury futures contracts.
(h) 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 September 30, 2017	1 Year	3 Years	5 Years	10 Years	20 Years
Dodge & Cox Balanced Fund	16.05%	7.78%	11.98%	6.41%	8.28%
Combined Index	10.90	7.68	9.35	6.48	6.56

dodgeandcox.com

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 3.1% for the third quarter of 2017, compared to 3.0% for the Combined Index[1] (a 60/40 blend of stocks and fixed income securities). For the nine months ended September 30, 2017, the Fund had a total return of 8.7%, compared to 9.7% for the Combined Index.

INVESTMENT COMMENTARY

After posting the strongest first half return in years, the U.S. equity market continued to rise in the third quarter: the S&P 500 appreciated 4% and ended the period at an all-time high. Energy (up 7%), which benefited from a 20% rebound in oil prices, and Information Technology (up 9%) were the strongest sectors of the market, while Consumer Staples (down 1%) was the weakest.

During the first nine months of 2017, U.S. growth stocks (the higher valuation portion of the market) outperformed value stocks (the lower valuation portion of the market) by 13 percentage points overall.[2] The "FAANG" growth stocks—Facebook, Amazon, Apple, Netflix, and Google—were particularly strong and accounted for 21% of the S&P 500's total return. Since Dodge & Cox's approach is value oriented, this trend had a negative impact on the equity portfolio's relative results.

The rally in U.S. equities since March 2009 is now the second-longest bull run in U.S. history. Solid U.S. corporate earnings growth and improved economic growth have boosted equity market returns and propelled U.S. equity valuations toward the high end of the historical range. Consequently, we have adopted a tempered return outlook for the overall U.S. market going forward. Nevertheless, as an active manager with a strict price discipline, we remain optimistic about the long-term prospects for the Fund's equity portfolio, which trades at a significant discount to the overall U.S. equity market. On September 30, the Fund's equity portfolio of 68 companies traded at 16 times forward estimated earnings, compared to 19 times for the S&P 500.[3]

In fixed income, the U.S. investment-grade bond market generated a modest positive return in the third quarter, driven primarily by strong performance from the Corporate bond sector. Investment-grade corporate bonds returned 1.3%[4] and outperformed comparable-duration[5] Treasuries by 0.9 percentage points as investors continued to demonstrate a robust appetite for risk assets. Agency[6] MBS returned 1.0% and outperformed comparable-duration Treasuries by 0.5 percentage points.

At quarter end, the Fund's 70% equity weighting (including 5% in preferred stocks) reflected our more positive outlook for total return potential from equities than from fixed income.

Despite increasing geopolitical tensions, we continue to see evidence of higher economic growth, the potential for higher interest rates, and increasing corporate earnings, which would benefit the Fund. The rewards of active management are most likely to accrue to those investors who have the discipline to maintain a long-term investment horizon. We thank our fellow shareholders for your confidence in Dodge & Cox.

THIRD QUARTER PERFORMANCE REVIEW

The Fund outperformed the Combined Index by 0.1 percentage points during the quarter.

EQUITY PORTFOLIO[3]

- The portfolio's only holding in the Consumer Staples sector, Wal-Mart (up 4% compared to down 1% for the S&P 500 sector), helped returns.
- Health Care holdings (up 5% compared to up 4% for the S&P 500 sector) contributed, including Alnylam Pharmaceuticals (up 47%) and Bristol-Myers Squibb (up 15%).
- Weaker returns for the portfolio's Consumer Discretionary holdings (down 1% compared to up 1% for the S&P 500 sector), combined with a higher average weighting in the sector (16% versus 12%), hurt results. DISH Network (down 14%) and Twenty-First Century Fox (down 6%) were weak.

FIXED INCOME PORTFOLIO

- Security selection within credit was positive as certain emerging market-domiciled holdings performed well, particularly Pemex and Rio Oil Finance Trust. Other notable outperformers included Citigroup capital securities, State of Illinois general obligation bonds, and Telecom Italia.
- The portfolio's overweight to corporate bonds and underweight to U.S. Treasuries added to relative returns given the strong performance of credit.

YEAR-TO-DATE PERFORMANCE REVIEW

The Fund underperformed the Combined Index by 1.0 percentage points year to date.

EQUITY PORTFOLIO

- Weaker relative returns for the portfolio's holdings in Financials (up 8% compared to up 13% for the S&P 500 sector) and a higher average weighting in the sector (29% versus 14%) detracted. Capital One Financial (down 2%) and Goldman Sachs (flat) lagged.
- The portfolio's average overweight position in Energy (8% versus 6%) and weaker performance (down 17% compared to down 7% for the S&P 500 sector) hurt results. Anadarko Petroleum (down 30%) and Apache (down 27%) were key detractors.
- Health Care holdings (up 24% compared to up 20% for the S&P 500 sector) and a higher average weighting in the sector (20% versus 14%) contributed. Alnylam Pharmaceuticals (up 214%), Cigna (up 40%), and AstraZeneca (up 30%) performed well.

FIXED INCOME PORTFOLIO

- Security selection within credit was positive as several corporate holdings performed well, including Citigroup capital securities, Enel, Royal Bank of Scotland, and Telecom Italia. Certain emerging market-domiciled holdings also outperformed, including Cemex, Pemex, and Rio Oil Finance Trust.
- 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 shorter relative duration (70%[7] of the Bloomberg Barclays U.S. Agg's duration) detracted from relative returns.

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 20.7% compared to 7.9% for the Russell 1000 Value Index during the first nine months of 2017.

3 Excludes the Fund's preferred stock positions.

4 Sector returns as calculated and reported by Bloomberg.

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

6 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.

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