

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	\$92.81
Total Net Assets (billions)	\$12.9
Expense Ratio	0.53%
Portfolio Turnover Rate (1/1/20 to 6/30/20, unannualized)	34%
30-Day SEC Yield ^(a)	2.12%
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 23 years, and by the U.S. Fixed Income Investment Committee, whose nine members' average tenure is 21 years.

Equity Portfolio (70.9%)

	Fund
Number of Common Stocks	69
Number of Preferred Stocks	6
Median Market Capitalization (billions) ^(c)	\$30
Price-to-Earnings Ratio ^{(c)(d)}	12.7x
Foreign Securities not in the S&P 500 ^(e)	5.5%

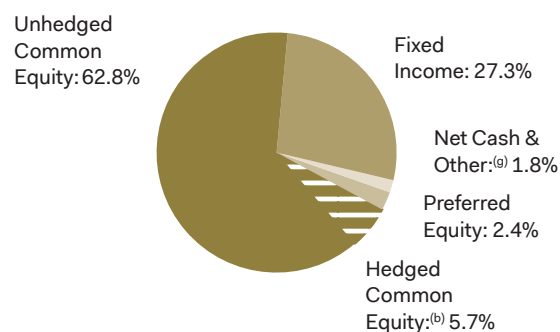
Five Largest Sectors (%)

	Common	Preferred	Fund
Financials	18.3	1.9	20.2
Information Technology	13.3	-	13.3
Health Care	11.9	-	11.9
Communication Services	9.8	0.4	10.2
Industrials	7.1	-	7.1

Ten Largest Equities^(f)

	Common	Preferred	Fund
Comcast Corp.	2.5	0.4	2.9
FedEx Corp.	2.9	-	2.9
Alphabet, Inc.	2.6	-	2.6
Capital One Financial Corp.	2.6	-	2.6
Charles Schwab Corp.	2.5	-	2.5
Bank of America Corp.	2.1	0.2	2.3
Wells Fargo & Co.	2.1	0.2	2.3
HP Inc.	2.2	-	2.2
Microsoft Corp.	2.1	-	2.1
Charter Communications, Inc.	2.0	-	2.0

Asset Allocation



Fixed Income Portfolio (27.3%)

	Fund
Number of Credit Issuers	63
Effective Duration (years)	4.6

Sector Diversification (%)

	Fund
U.S. Treasury	1.4
Government-Related	1.4
Securitized	12.3
Corporate	12.1

Credit Quality^(h)

	Fund
U.S. Treasury/Agency/GSE	11.3
AAA	0.6
AA	2.1
A	1.6
BBB	8.2
BB	3.5
B	0.0
CCC	0.0

Five Largest Credit Issuers^(f)

	Fund
Charter Communications, Inc.	0.6
Petroleos Mexicanos	0.5
HSBC Holdings PLC	0.5
Ford Motor Credit Co. LLC	0.5
Bank of America Corp.	0.4

Market values for debt securities and preferred stocks include accrued interest.

^(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) The Fund holds a short S&P 500 futures position with a notional of approximately -5.7% of the Fund's total net assets. This position is intended to reduce the exposure of the Fund's 68.5% Common Equity allocation to a general downturn in the equity markets, but if the S&P 500 index increases in value, the position will cause a loss for the Fund, which could be in addition to losses suffered in respect to its common stock holdings.

^(c) Excludes the Fund's over-the-counter preferred stock positions.

^(d) Price-to-earnings (P/E) 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.

^(e) Foreign stocks are U.S. dollar denominated.

^(f) 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.

^(g) Net Cash & Other includes cash, short-term investments, derivatives, receivables, and payables.

^(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 Return¹

For periods ended September 30, 2020	1 Year	3 Years	5 Years	10 Years	20 Years
Dodge & Cox Balanced Fund	0.91%	3.68%	7.80%	9.22%	7.62%
Combined Index	12.50	9.84	10.38	9.85	6.18

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 3.3% for the third quarter of 2020, compared to 5.6% for the Combined Index (a 60/40 blend of stocks and fixed income securities). For the nine months ended September 30, 2020, the Fund had a total return of -5.7%, compared to 6.7% for the Combined Index.

Investment Commentary

U.S. equities fell sharply in the first quarter of 2020 over concerns around the global coronavirus (COVID-19) pandemic, but then quickly rebounded off their March lows and performed strongly in both the second and third quarters. The S&P 500 registered its best two-quarter performance since 2009 and reached an all-time high in September. Optimism regarding a COVID-19 vaccine and signs of corporate earnings strength have bolstered investor confidence.

In this challenging economic environment, companies have fallen into two groups: businesses that are largely immune to the economic impact of the pandemic (we think of them as "COVID defensive") and those that have been hit hard by the economic consequences of the pandemic ("COVID cyclical"). Almost 70%² of the S&P 500 is in COVID-defensive businesses, particularly those in the Information Technology, Health Care, Consumer Staples, and Utilities sectors. Large technology-related companies have surged, especially the FAANGM stocks—Facebook, Amazon, Apple, Netflix, Google (Alphabet), and Microsoft. However, the other 30% of the S&P 500 is composed of COVID-cyclical companies—largely in the Financials, Energy, Industrials, and Real Estate sectors—and has not fared well. Energy was the worst-performing sector of the S&P 500 (down 48% year to date), reflecting dramatically reduced demand because of the global economic slowdown.

Over the past decade, U.S. growth stocks have outperformed value stocks³ by an astounding cumulative 233 percentage points.⁴ The equity portfolio is value-oriented, and while it outperformed the U.S. value investment universe, it has underperformed the broad-based S&P 500.

We continue to have strong conviction in our active investment approach. The equity portfolio remains tilted toward the COVID cyclical and value sectors of the market, with notable overweights in Financials (20.2% of the portfolio versus 9.7% of the S&P 500) and Energy (4.7% versus 2.1%). The portfolio is composed mostly of companies with strong franchises that would benefit from long-term economic growth.

We remain confident regarding this positioning because of three factors. First, the valuation differential between value- and growth-oriented stocks has become very large, and this has created ample opportunities for value-oriented investors like Dodge & Cox. Second, while there is substantial uncertainty regarding how the pandemic will evolve, we are encouraged by the trajectory of the economic rebound and the prospects for developing a vaccine. Third, we believe many high-valuation technology companies are substantially overvalued and face significant challenges, not only in justifying their valuations but also because of mounting competitive and regulatory threats. Conversely, valuations for energy and financial services companies are incredibly attractive.

Within fixed income, the investment-grade Corporate sector returned 1.5%,⁵ outperforming comparable-duration⁶ Treasuries by 1.4 percentage points. Credit performance has been driven by the Federal Reserve's ongoing support of the market through its Secondary Market Corporate Credit Facility, as well as generally better-than-expected corporate earnings and robust investor demand for yield. Meanwhile, Fed officials have emphasized the central bank's commitment to substantial monetary accommodation and pledged to keep interest rates near zero for an extended period. We made a number of modest adjustments to the fixed income portfolio. For example, we trimmed several corporate holdings after strong performance. At the same time, we established new positions in two corporate issuers—British American Tobacco⁷ and Southern Company (a gas and electric utility holding company)—at what we believe were attractive valuations.

We believe patience, persistence, and a long-term investment horizon are essential to investment success. Changes in valuations and security prices can happen swiftly and without warning, so we encourage our shareholders to take a long-term view. Thank you for your continued confidence in Dodge & Cox.

Third Quarter Performance Review

The Fund underperformed the Combined Index by 2.3 percentage points during the quarter. The positive relative impact of the Fund's lower allocation to fixed income and higher allocation to equities was more than offset by the equity portfolio's underperformance.

Equity Portfolio⁸

- The portfolio's overweight position (averaging 8% versus 2%) and lower returns in Energy (down 22% versus down 20% for the S&P 500 sector) hindered performance.

Occidental Petroleum and Baker Hughes were particularly weak. The Energy sector was the worst performing sector during the quarter and the only sector that had a negative absolute return.

- Stock selection in the Health Care sector was negative. Cigna, GlaxoSmithKline, and Sanofi performed poorly.
- Strong performance by a group of large internet- and technology-related stocks not held by the portfolio hurt relative results.

Fixed Income Portfolio

- Security selection was positive, driven by the portfolio's Agency⁹ MBS holdings, which outperformed the MBS in the benchmark after adjusting for duration differences.
- Several credit issuers also outperformed, including Cemex, Pemex, Petrobras, and Rio Oil Finance Trust.
- Asset allocation was positive as the portfolio's underweight to U.S. Treasuries and overweight to corporate bonds contributed to relative returns.

Year-to-Date Performance Review

The Fund underperformed the Combined Index by 12.4 percentage points year to date. Asset allocation did not have a significant impact on relative results. However, the equity portfolio lagged the S&P 500 Index.

Equity Portfolio⁸

- In Financials, the portfolio's overweight position (averaging 26% versus 11%) and weaker returns from holdings (down 29% versus down 20% for the S&P 500 sector) detracted. Wells Fargo, Capital One Financial, Charles Schwab, and Bank of America performed poorly.
- Outstanding performance by a group of large internet- and technology-related stocks not held by the portfolio hurt relative results.
- Meanwhile, the portfolio's holdings in Information Technology lagged significantly (up 3% versus up 29% for the S&P 500 sector).

Fixed Income Portfolio

- Asset allocation was positive. Although credit underperformed year to date, the substantial increase we made to the portfolio's corporate sector weighting amid the market volatility in March and April and the subsequent outperformance of credit contributed to relative returns.
- The portfolio's below-benchmark duration position (74%¹⁰ of the Bloomberg Barclays U.S. Agg's duration) hampered relative returns as Treasury yields declined.
- Security selection was negative as several credit holdings underperformed, including HSBC, Kinder Morgan, Macy's, and Wells Fargo.

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 Unless otherwise specified, all weightings and characteristics are as of September 30, 2020.

³ Value stocks are the lower valuation portion of the equity market, and growth stocks are the higher valuation portion.

⁴ The Russell 1000 Growth Index had a total return of 391.2% from September 30, 2010 through September 30, 2020 compared to 158.0% for the Russell 1000 Value Index.

⁵ Sector returns as calculated and reported by Bloomberg Barclays.

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

⁷ The use of specific examples does not imply that they are more or less attractive investments than the portfolio's other holdings.

⁸ Excludes the Fund's over-the-counter preferred stock positions.

⁹ 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.

¹⁰ Denotes Fund positioning at the beginning of the period.

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