Dodge & Cox Funds®

Balanced Fund

To Our Shareholders

The Dodge & Cox Balanced Fund had a total return of –8.7% for the six months ended June 30, 2020, compared to 1.0% for the Combined Index (a 60/40 blend of stocks and fixed income securities).

Market Commentary

During the first half of 2020, the spread of the coronavirus (COVID-19) evolved into a global pandemic that disrupted major economies and increased financial market volatility. U.S. equities and corporate bonds plunged in the first quarter over concerns about the virus and the economic fallout, but staged a remarkable recovery in the second quarter as investors were heartened by the rapid and unprecedented monetary and fiscal policy response from the U.S. government.

The S&P 500 Index returned –3.1% over the period; however, this masks the stark contrast in performance between the first quarter (–19.6% return) and the second quarter (20.5% return). Value stocks[a] continued their longer-term trend of lagging the overall market. In fact, over the last decade U.S. growth stocks have outperformed value stocks by an astounding cumulative 221 percentage points.[b] While this has been a challenging period for value-oriented investors like Dodge & Cox, the significant valuation differential between value- and growth-oriented stocks presents us with ample opportunities.

Amid the fall and rise of the market during the first six months of 2020, almost 70% of the S&P 500 is now comprised of businesses largely immune to the economic impact of the pandemic (we describe them as "COVID defensives"). The vast majority of these companies are in the Information Technology, Consumer Staples, Utilities, and Health Care sectors. The other 30% of the S&P 500, which has been hit hard by the economic consequences of the pandemic (we call them "COVID cyclicals"), are mostly in the Financials, Energy, Industrials, Materials, Consumer Discretionary (ex-internet retail), and Real Estate sectors.

COVID defensives have substantially outperformed the COVID cyclicals. This helps explain the resilience of the S&P 500 during a period of economic disruption. In contrast, COVID defensives account for approximately half of the Russell 1000 Value and only 36% of the equity portfolio. The U.S. investment-grade fixed income market posted a robust 6.1%[c] return, fueled by falling U.S. Treasury yields. In late March, yield premiums[d] on investment-grade corporate bonds reached levels not seen since the 2008-09 global financial crisis. However, the Fed's announced intention to purchase corporate bond exchange traded funds ("ETFs") and individual corporate bonds through newly created facilities (e.g., Primary and Secondary Market Corporate Credit Facilities) bolstered the market, calming fears around liquidity and default risks.

Investment Strategy

Despite the volatile and challenging market environment, we believe this is an opportune time to be an active, value-driven, and long-term investor. In response to the rapidly evolving landscape in the first half of the year, our global industry and fixed income analysts worked closely together to stress test the Fund's holdings and evaluate new investment opportunities. Such collaboration is a hallmark of our investment process and is especially important during periods of market stress.

In re-underwriting the Fund's current equity and credit holdings, our global industry analysts and fixed income credit analysts have scrutinized the most vulnerable companies—namely those in the Energy, Financial, and Retail sectors. In this analysis, we have examined each company's ability to weather a prolonged downturn, reviewing, among other factors, balance sheet strength, access to capital markets, and ability/willingness to cut discretionary spending.

We continually review the appropriate asset allocation for the Fund, which we set based on our long-term outlook for the Fund's equity, fixed income, and preferred stock holdings. While we build the portfolio on a bottom-up basis, part of our process in determining the optimal allocation includes modeling expected returns and risks of both the asset class and for individual companies. Reflecting our more positive outlook for equities relative to fixed income, the Fund holds 69.3% in equities and 2.2% in preferred stock[e]—though we have moderated this view somewhat through hedging equity exposure during the second quarter of 2020.

Equity Strategy

Within the equity portfolio, we have spent considerable time understanding the opportunities and risks within Energy. We believe the portfolio's energy holdings have sufficient capital and liquidity to survive the current headwinds over our long-term investment horizon, although some holdings may face larger challenges than others. Current energy valuations—trading at 90-year lows—are depressed and provide an attractive starting point. We continue to find compelling long-term opportunities in selected upstream and oilfield services companies with solid assets, management teams that have deployed capital prudently through the cycle, and low-to-reasonable valuations. As a result, we selectively added to the portfolio's energy holdings during the depths of the downturn in the first quarter and have maintained an overweight position in Energy: 9.2% of the portfolio versus 2.8% of the S&P 500.

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a Value stocks are the lower valuation portion of the equity market, and growth stocks are the higher valuation portion.
b The Russell 1000 Growth Index had a total return of 390.3% from June 30, 2010 through June 30, 2020 compared to 169.1% for the Russell 1000 Value Index.
c Sector returns as calculated and reported by Bloomberg.
d Yield premiums are one way to measure a security's valuation. Narrowing yield premiums result in a higher valuation. Widening yield premiums result in a lower valuation.
e Unless otherwise specified, all weightings and characteristics are as of June 30, 2020.

As a Value-Oriented Manager, We Are Finding Attractive Investment Opportunities

During the first half of 2020, we trimmed and sold positions in higher valuation areas of the portfolio that had performed strongly through the turmoil; these were mostly COVID-defensive stocks. Major trims included Roche, Bristol-Myers, and Sanofi in Health Care, and Charter Communications and Microsoft in Technology, Media, and Telecommunication (TMT). We redeployed those funds into COVID-cyclical companies whose stock prices have declined substantially in the crisis, particularly in the Financials and Energy sectors, as well as inexpensive companies within TMT. We recently added significantly to State Street and MetLife in Financials, Occidental Petroleum in Energy, and HP Inc. and Dell in Information Technology.[f]

We also started seven new positions in the equity portfolio. These can be divided into two principal groups: 1) high-quality businesses with valuations we had previously deemed to be too high, and 2) COVID-cyclical companies with stock prices that have declined sharply due to the pandemic.

In the first category, we established positions in Facebook and Medtronic. We invest in companies based on our assessment of the value of their franchise and our estimate of the potential growth in future earnings and cash flow. When valuations come down and we are able to buy above-average growth at a discount, we see opportunities. Facebook (a social media conglomerate) has significant growth opportunities and a durable franchise that would be extremely difficult to replicate. The company has compounded revenue growth at more than 40% over the past five years, while still generating significant amounts of free cash flow. However, fears about advertising spending, political controversy, and possible regulatory changes caused its stock to trade at a below-market valuation. We concluded that this was an opportune time to initiate a position in the stock. Similarly, Medtronic is a leading medical device company with opportunities for innovation-led growth. However, concerns about the deferral of elective medical procedures provided a valuation opportunity in the first quarter.

In the COVID-cyclical category, we recently started positions in Lincoln National, and LyondellBasell, among others. Lincoln National is a well-managed, well-capitalized life insurance company, and LyondellBasell is a commodity chemical producer with a strong balance sheet. Their share prices plummeted 71% and 63%, respectively, from the beginning of the year through their March lows. While both stocks have since rebounded significantly, we believe they remain attractive long-term opportunities.

Fixed Income Strategy

In the first six months of 2020, we established new positions in over a dozen corporate issuers at what we believe were exceptionally attractive valuations. To fund these purchases, we sold certain Agency[g] mortgage-backed securities (MBS) and U.S. Treasuries.

The Credit Sector: Market Volatility Creates Opportunity

Over a mere three week period in March, corporate bond yield premiums nearly tripled. The speed of change was historic, and the magnitude stunning, as investors grappled with the uncertain impact of the coronavirus on the economy at large. As the crisis unfolded, many high quality, fundamentally creditworthy companies issued long-term debt to weather the uncertain outlook, though the market environment meant the bonds were issued at yield premiums more commonly associated with lower-rated credits. This provided us with a very attractive entry point to selectively lend money to leading companies with solid balance sheets.

We added 17 new corporate issuers to the portfolio, drawn from a range of industries. Examples include Anheuser-Busch InBev, Coca-Cola, Exxon Mobile, FedEx, Oracle, and T-Mobile. As with each new purchase, these investments were underpinned by our fundamental assessment of each company's business profile and the durability of its business, liquidity, and credit metrics through the current downturn. Thus far, given the rapid recovery in credit yield premiums, these opportunistic purchases have contributed strongly to performance.

The Securitized Sector: Providing Stability and Incremental Yield

The portfolio's holdings in the Securitized sector consist predominantly of Agency MBS, with a smaller weighting in primarily AAA-rated asset-backed securities. Amid the March/April sell-off of risk assets, even these securities suffered briefly, but the Fed stepped in rapidly to support the market. The Fund's Agency MBS holdings provided a liquid source of funds for redeploying into credit investment opportunities.

Over the first half of the year, we reduced the portfolio's overall Agency MBS weighting and adjusted the composition of the holdings. For example, we trimmed Agency 30-year 4.5% coupon MBS holdings due to accelerating prepayment activity. Meanwhile, we added to lower loan balance 30-year 2.5% coupon Agency MBS which offer less prepayment risk at more at compelling valuations.

Defensive Duration: Mitigating the Risk of Rising Rates over Time[h]

In light of recent developments, we downgraded our expectations for near-term economic growth and lowered our expectations for the future path of interest rates. After a very steep downturn in the second quarter, our base case has U.S. and global economic activity recovering in the third quarter, with some normalization likely in 2021.

Our expectations are less dire than those implied by current U.S. Treasury valuations, which appear to be pricing in a secular and prolonged period of economic malaise closer to a multi-year depression. Assuming a recovery takes hold in 2021, we believe a modest rise in longer-term rates—slightly higher than what forward markets predict—and inflation is likely over the next two to three years. Given this view, and the lack of yield cushion in the market, we believe it is important to limit interest rate exposure in the portfolio. This should help mitigate the negative effect of any bond market price declines that could stem from even a small increase in interest rates over time.

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

g 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.

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

In Closing

We remain optimistic about the long-term outlook for the Fund. The equity portfolio trades at a meaningful discount to the overall market: 13.3 times forward earnings compared to 24.2 times for the S&P 500. We have positioned the fixed income portfolio defensively from a duration standpoint, and we will continue to seek opportunities to build portfolio yield through our bottom-up, research-driven investment approach. In addition, the Fund is broadly diversified with exposure to many different investment drivers.

Our thoughts are with all the individuals and the families of those who have suffered from COVID-19, and we also express our gratitude to the dedicated health care workers and first responders battling on the front lines of this pandemic. We wish everyone the best during these challenging times.

Thank you for your continued confidence in our firm. As always, we welcome your comments and questions.

For the Board of Trustees,

Charles F. Pohl,
Chairman

Dana M. Emery,
President

July 31, 2020

DODGE & COX FUNDS®

June 30, 2020

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.

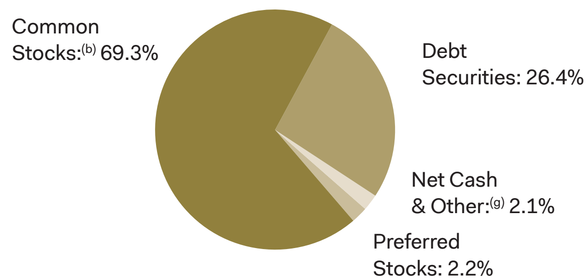
General Information

Net Asset Value Per Share	$90.45
Total Net Assets (billions)	$13.2
Expense Ratio	0.53%
Portfolio Turnover Rate (1/1/20 to 6/30/20, unannualized)	34%
30-Day SEC Yield[a]	2.33%
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.

Asset Allocation



Equity Portfolio (71.5%)

	Fund
Number of Common Stocks	**69**
Number of Preferred Stocks	**5**
Median Market Capitalization (billions)[c]	**$27**
Price-to-Earnings Ratio[c][d]	**13.3x**
Foreign Securities not in the S&P 500[e]	**5.6%**

Five Largest Sectors (%)

	Common	Preferred	Fund
Financials	18.1	1.8	**19.9**
Information Technology	13.6	–	**13.6**
Health Care	11.9	–	**11.9**
Communication Services	9.2	0.4	**9.6**
Industrials	6.5	–	**6.5**

Ten Largest Equities(%)[f]

	Common	Preferred	Fund
Comcast Corp.	2.3	0.4	**2.7**
FedEx Corp.	2.7	–	**2.7**
Alphabet, Inc.	2.7	–	**2.7**
Bank of America Corp.	2.2	0.2	**2.4**
Microsoft Corp.	2.3	–	**2.3**
Charles Schwab Corp.	2.3	–	**2.3**
HP Inc.	2.2	–	**2.3**
Wells Fargo & Co.	1.9	0.2	**2.1**
Capital One Financial Corp.	2.1	–	**2.1**
MetLife, Inc.	1.9	–	**1.9**

Fixed Income Portfolio (26.4%)

	Fund
Number of Credit Issuers	**64**
Effective Duration (years)	**4.7**

Sector Diversification (%)

	Fund
U.S. Treasury	**2.4**
Government-Related	**1.5**
Securitized	**10.5**
Corporate	**12.1**

Credit Quality (%)[h]

	Fund
U.S. Treasury/Agency/GSE	**10.5**
AAA	**0.6**
AA	**2.1**
A	**1.6**
BBB	**8.2**
BB	**3.3**
B	**0.0**[i]
CCC	**0.0**

Five Largest Credit Issuers (%)[f]

	Fund
Charter Communications, Inc.	**0.6**
Ford Motor Credit Co. LLC	**0.5**
Petroleos Mexicanos	**0.5**
HSBC Holdings PLC	**0.5**
State of California GO	**0.5**

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 -5.6% of the Fund's $9,116,738,235 common equity position. This position is intended to reduce the Fund's exposure 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 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.

(i) Rounds to 0.0%.

Average Annual Total Return[1]

For periods ended June 30, 2020	1 Year	3 Years	5 Years	10 Years	20 Years
Dodge & Cox Balanced Fund	–1.39%	3.63%	5.59%	9.76%	7.71%
Combined Index	8.58	8.93	8.43	10.08	5.92

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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 15.5% for the second quarter of 2020, compared to 13.3% for the Combined Index (a 60/40 blend of stocks and fixed income securities). For the six months ended June 30, 2020, the Fund had a total return of –8.7%, compared to 1.0% for the Combined Index.

Investment Commentary

During the first half of 2020, the spread of the coronavirus (COVID-19) evolved into a global pandemic that disrupted major economies, increased financial market volatility, and abruptly ended the longest stock market bull run in U.S. history. After declining sharply in the first quarter, risk assets—including U.S. equities and corporate bonds—staged a remarkable recovery in the second quarter as investors were heartened by the rapid and unprecedented monetary and fiscal policy response from Washington. This was followed later in the quarter by encouraging economic data and progress in reopening businesses. However, concerns regarding a resurgence of the virus remain, and by the end of the quarter several states had reversed or delayed reopening plans. The interplay of public health policy and the economic recovery is complex and continues to drive market movements.

Over the last decade, U.S. growth stocks have outperformed value stocks[2] by an astounding cumulative 221 percentage points.[3] During this challenging period for value investors, the equity portfolio has underperformed the broad-based S&P 500, but outperformed the U.S. value investment universe. The valuation differential between value- and growth-oriented stocks has created ample opportunities for value-oriented investors like Dodge & Cox.

Our investment team has been highly productive in these volatile markets, reviewing existing portfolio holdings and recommending new investments. Within the equity portfolio during the quarter, we trimmed higher valuation areas of the portfolio that had performed strongly, such as Pharmaceuticals and more expensive technology-related companies, and leaned further into value portions of the market such as Financials, Energy, Materials, Industrials, and low-valuation technology companies. Our recent additions to existing holdings included American Express, Carrier, Celanese, Hewlett Packard Enterprise, HP Inc., MetLife, VMware, and Wells Fargo.[4] We also started four new positions in the equity portfolio, including LyondellBasell (one of the world's largest commodity chemical companies) and Williams Companies (a nationwide energy processing and transporting company with approximately 30% of all U.S. natural gas volumes).

Within fixed income, the investment-grade Corporate sector[5] returned 9.0% and outperformed comparable-duration[6] Treasuries by a robust 8.5 percentage points. The Fed's announced intent to purchase corporate bond ETFs as well as individual corporate bonds through its Secondary Corporate Credit Facility bolstered the market, calming fears around liquidity and default risks. We made a number of changes to the fixed income portfolio. Most notably, we established new positions in several corporate issuers at what we believe were exceptionally attractive valuations.

Overall, we remain optimistic about the long-term outlook for the Fund. The equity portfolio trades at a meaningful discount to the overall market: 13.3[7] times forward earnings compared to 24.2 times for the S&P 500. We have positioned the fixed income portfolio defensively from a duration standpoint, and we will continue to seek opportunities to build portfolio yield through our bottom-up, research-driven investment approach. Thank you for your continued confidence in Dodge & Cox.

Our thoughts are with all the individuals and families of those who have suffered from COVID-19 and also with the dedicated health care workers and first responders battling on the front lines. We wish everyone all the best during these challenging times.

Second Quarter Performance Review

The Fund outperformed the Combined Index by 2.2 percentage points during the quarter. The Fund's lower allocation to fixed income and higher allocation to equities had a positive impact on relative results.

Equity Portfolio[8]

- Strong performance by a few large technology and internet related companies not held in the portfolio hurt relative results. The impact was substantial in Information Technology and Consumer Discretionary (two of the strongest S&P 500 sectors), where the portfolio was underweight throughout the period.
- The portfolio's holdings within Information Technology lagged (up 25% versus up 31%), especially HP Inc. and Hewlett Packard Enterprise.
- A higher average weighting in Financials (26% versus 11%) hurt performance since the sector continued to lag the market. Wells Fargo and Charles Schwab were key detractors.
- The portfolio's higher average weighting (9% versus 3%) and strong performance in the Energy sector (up 54% versus up 31%) contributed. Occidental Petroleum, Apache, Baker Hughes, and Halliburton appreciated substantially.

Fixed Income Portfolio

- Asset allocation was significantly positive as the portfolio's overweight to corporate bonds and underweight to U.S. Treasuries contributed to relative returns.
- Security selection within credit was strongly positive, as several issuers recovered from poor performance earlier in the year, including Pemex, Occidental Petroleum, TC Energy, Cemex, Prosus, and Kinder Morgan.

Year-to-Date Performance Review

The Fund underperformed the Combined Index by 9.7 percentage points year to date. The Fund's lower allocation to fixed income and higher allocation to equities had a negative impact on relative results.

Equity Portfolio[8]

- In Financials, the portfolio's average overweight position (26% versus 11%) and lower returns (down 31% versus down 24%) detracted. Wells Fargo, Capital One Financial, and Charles Schwab were the biggest detractors.
- Strong performance by a few large technology and internet-related companies not held in the portfolio hurt relative returns, especially in Information Technology (down 3% versus up 15%) and Consumer Discretionary (down 20% versus up 7%).

Fixed Income Portfolio

- The portfolio's below-benchmark duration position (74%[9] of the Bloomberg Barclays U.S. Agg's duration) hampered relative returns as Treasury yields declined.
- Security selection within credit was negative as several holdings underperformed, most notably Rio Oil Finance Trust, Macy's, Pemex, and HSBC.
- Asset allocation was positive. Although credit underperformed year to date, the 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.

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

3 The Russell 1000 Growth Index had a total return of 390.3% from June 30, 2010 through June 30, 2020 compared to 169.1% for the Russell 1000 Value Index.

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

5 Sector returns as calculated and reported by Bloomberg.

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

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

8 Excludes the Fund's preferred stock positions.

9 Figures in this section denote Fund positioning at the beginning of the period.