Dodge & Cox Funds®

Income Fund

To Our Shareholders

The Dodge & Cox Income Fund had a total return of 5.2% for the six months ended June 30, 2020, compared to a total return of 6.1% for the Bloomberg Barclays U.S. Aggregate Bond Index (Bloomberg Barclays U.S. Agg).

Market Commentary

The first half of 2020 was dominated by the coronavirus (COVID-19) pandemic and its devastating health, social, and economic impacts. While financial markets were volatile, a decline in interest rates led to positive fixed income returns. Risk assets 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.

As the crisis unfolded, jobless claims surged to record levels, economic activity plunged, and consumer and business confidence indicators fell to near-decade lows. However, more recent economic data have been more positive than many expected. While the unemployment rate shot up to 14.7% in early May, the highest level since the Great Depression, the rate has since declined to 11.1% as employers added back over seven million jobs in May and June from the 22 million lost in March and April.

Reacting to the severe human and economic toll of the crisis, as well as the turmoil in financial markets, policymakers enacted extraordinary monetary and fiscal initiatives. The Federal Reserve cut short-term interest rates by 150 basis points[a] to a range of 0% to 0.25% and buttressed this action with a massive securities purchase program (i.e., quantitative easing). Fed Chair Jerome Powell indicated that the central bank expects to keep interest rates low for an extended period, but said it is not considering negative interest rates at this time. Meanwhile, Congress enacted a fiscal stimulus bill valued at $2 trillion, a sum equal to nearly 10% of U.S. GDP, in an effort to support businesses, employees, and households.

The investment-grade Corporate bond sector returned 5.0%[b] in the first half of the year, underperforming comparable-duration[c] Treasuries by 5.4 percentage points despite a remarkable recovery in the second quarter. In late March, yield premiums[d] on investment-grade corporate bonds reached levels not seen since the 2008-09 global financial crisis as investors grew increasingly concerned about the depth and duration of the economic slowdown and its ramifications for corporate earnings and creditworthiness. 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. Meanwhile, Agency[e] mortgage-backed securities returned just 3.5% and underperformed comparable short-duration Treasuries by 0.5 percentage points. Prepayments increased dramatically as low interest rates made refinancing attractive and shelter-in-place hurdles to refinancing proved less onerous than expected.

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. The sell-off in credit in March and April was sharp, broad, and somewhat indiscriminate. In response to the rapidly evolving landscape, we focused our efforts on both playing offense (evaluating new credit investment opportunities) and defense (stress testing current holdings).

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. These purchases, along with many additions to existing corporate issuers, increased the Fund's Corporate sector weighting by 12 percentage points to 46%.[f] To fund these purchases, we sold certain Agency MBS and U.S. Treasuries, which now make up 31% and 8% of the Fund, respectively. We lengthened the Fund's duration modestly through the aforementioned corporate bond purchases, though we remain defensively positioned with respect to interest rate risk. This reflects our expectation that over the medium and long-term interest rates will rise from today's exceptionally low levels.

It is rare for Dodge & Cox to make such significant changes to portfolio positioning in a short period of time, but we believe the uncertainty and incredible market volatility created uniquely attractive investment opportunities. Our experienced investment team has leaned into this extremely challenging market environment, drawing on our deep, broad knowledge of sectors, industries, companies, and securities.

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 16 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.[g] 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. We also added to several existing holdings at similarly attractive levels, including Bank of America, JPMorgan, and Wells Fargo. The Fund's U.S. bank holdings are well

a One basis point is equal to 1/100th of 1%.
b Sector returns as calculated and reported by Bloomberg.
c Duration is a measure of a bond's (or a bond portfolio's) price sensitivity to changes in interest rates.
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 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.
f Unless otherwise specified, all weightings and characteristics are as of June 30, 2020.
g The use of specific examples does not imply that they are more or less attractive investments than the Fund's other holdings.

capitalized, systemically important, and currently subject to dividend and share repurchase restrictions by the Fed to enhance their ongoing solvency. Thus far, given the rapid recovery in credit yield premiums, these opportunistic purchases have contributed strongly to performance.

Our investment team also continues to re-underwrite and stress test the Fund's current credit holdings, particularly the issuers most vulnerable in the crisis—namely those in the Energy and Retail sectors. Before we invest in any new issuer, our global industry analysts and fixed income credit analysts collaborate to thoroughly evaluate the issuer's financials across a variety of scenarios. We pay particular attention to downside scenarios, examining each issuer's ability to weather a prolonged downturn. As part of this process, we review a number of factors, including balance sheet strength; access to capital markets and other liquidity options relative to upcoming obligations; and, ability/willingness to cut discretionary spending (including capital expenditure), reduce dividends, and monetize non-critical assets. Although we continually refresh our analyses to reflect the current reality, particularly in an extreme situation like the present, this up-front diligence gives us a leg up in times of stress because of our baseline familiarity with the ability of portfolio companies to survive a period of extreme challenge. Based on our recent work, we've concluded the fundamentals remain intact for the Fund's Energy and Retail holdings. At current valuations, we believe these securities offer compelling risk-reward for long-term investors.

While the credit market has recovered substantially, the Fund's credit holdings are differentiated from the market as a whole, and we believe that the long-term prospects for a well-curated, thoroughly researched, and stress-tested credit portfolio are attractive. We remain focused on lending to leading companies with relatively noncyclical revenues, robust free cash flow, durable balance sheets, multiple degrees of freedom, and prudent management—characteristics embodied by the selective credit additions made thus far in 2020.

The Securitized Sector: Providing Stability and Incremental Yield

The Fund's holdings in the Securitized sector consist predominantly of Agency MBS (31%), with a smaller weighting (6%) 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 Fund's overall Agency MBS weighting by four percentage points and adjusted the composition of the holdings. For example, we trimmed Agency 30-year 4% and 4.5% coupon MBS holdings due to accelerating prepayment activity and a deteriorating return outlook. Meanwhile, we added to lower loan balance 30-year 2% and 2.5% coupon Agency MBS, which we believe offer some prepayment protection for two main reasons. First, given the low interest rate environment and low initial note rates (2-3%) of these MBS, attractive refinancing options may not become available. Second, low loan balance borrowers require more incentive to overcome the fixed upfront costs to refinance. We believe that incentive is unlikely to materialize.

Going forward, we anticipate generally elevated prepayment activity. Mortgage originators have proven remarkably adept at refinancing borrowers even with high unemployment and shelter-in-place restrictions. As market participants compete for share, mortgage rates may continue to decline even if U.S. Treasury rates remain stable. With that backdrop, we continue to find opportunities in more "prepayment-protected" securities, specifically lower balance, lower coupon securities. In addition to individually selected Agency MBS pass-throughs, the Fund holds Ginnie Mae-guaranteed Home Equity Conversion Mortgages (also known as reverse mortgages). These floating rate securities offer attractive spreads and low prepayment risk.

Defensive Duration: Mitigating the Risk of Rising Rates over Time

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 next year.

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.

In Closing

Although financial market volatility has increased meaningfully, we remain confident in our investment strategy and process. Our investment team has successfully navigated many challenging environments including the dot-com bust, the global financial crisis, the eurozone sovereign debt crisis in 2011-12, and the massive oil price declines and Chinese economic slowdown during 2015 and 2016. We have used these periods to uncover attractive long-term investment opportunities at compelling valuations.

We nevertheless caution shareholders to temper their expectations for near-term total returns. The low level of interest rates increases the risk of quite modest (or even negative) returns if yields rise substantially from current levels. That said, we believe bonds continue to serve a vital defensive role in a diversified portfolio, providing liquidity, income generation, downside protection, and low correlation to riskier asset classes.

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®

Income Fund

TICKER SYMBOL
DODIX

Objectives

- The Fund seeks a high and stable rate of current income, consistent with long-term preservation of capital. A secondary objective is to take advantage of opportunities to realize capital appreciation.

Strategy

- The Fund invests in a diversified portfolio consisting primarily of 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.
- The proportions held in various debt securities will be revised in light of Dodge & Cox's appraisal of the economy, the relative yields of securities in the various market sectors, the investment prospects for issuers, and other factors. In selecting securities, Dodge & Cox considers many factors, including yield, credit rating, liquidity, call risk, duration, structure, and capital appreciation potential.

Risks

- The Fund 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.

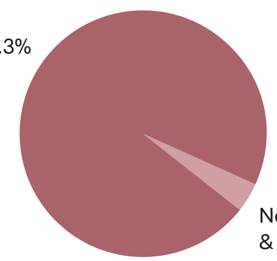
General Information

Net Asset Value Per Share	$14.53
Total Net Assets (billions)	$64.2
Expense Ratio	0.42%
Portfolio Turnover Rate (1/1/20 to 6/30/20, unannualized)	53%
30-Day SEC Yield[a]	1.99%
Number of Credit Issuers	73
Fund Inception	1989

No sales charges or distribution fees

Investment Manager: Dodge & Cox, San Francisco. Managed by the U.S. Fixed Income Investment Committee, whose nine members' average tenure at Dodge & Cox is 21 years.

Asset Allocation



Portfolio Characteristics	Fund	BBG Barclays U.S. Agg
Effective Duration (years)	**5.0**	6.0

Five Largest Credit Issuers (%)[b]	Fund
Charter Communications, Inc.	**2.1**
Bank of America Corp.	**2.1**
Wells Fargo & Co.	**2.1**
Petroleos Mexicanos	**2.1**
HSBC Holdings PLC	**2.0**

Sector Diversification (%)	Fund	BBG Barclays U.S. Agg
U.S. Treasury	**7.7**	37.2
Government-Related	**5.7**	6.0
Securitized	**37.4**	29.4
Corporate[d]	**45.5**	27.4
Net Cash & Other[e]	**3.7**	0.0

Credit Quality (%)[c]	Fund	BBG Barclays U.S. Agg
U.S. Treasury/Agency/GSE	**38.9**	66.4
AAA	**2.3**	3.8
AA	**5.8**	3.1
A	**11.6**	12.4
BBB	**27.5**	14.4
BB	**10.0**	0.0
B	**0.2**	0.0
CCC	**0.0**[f]	0.0
Net Cash & Other[e]	**3.7**	0.0

Maturity Diversification (%)	Fund	BBG Barclays U.S. Agg
0-1 Years to Maturity	**4.8**	0.0[f]
1-5	**42.0**	58.5
5-10	**28.2**	21.9
10-15	**5.4**	1.5
15-20	**7.1**	3.5
20-25	**1.8**	5.2
25 and Over	**10.8**	9.4

Market values for debt securities 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'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.

[c] The credit quality distributions shown for the Fund and the Index are 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. On that basis, the Fund held 7.2% in securities rated below investment grade. The credit quality of the investments in the portfolio does not apply to the stability or safety of the Fund or its shares

[d] The portfolio's Corporate holdings include investment-grade corporate bond exchange-traded funds.

[e] Net Cash & Other includes cash, short-term investments, derivatives, receivables, and payables.

[f] 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 Income Fund	8.35%	5.37%	4.74%	4.52%	5.70%
Bloomberg Barclays U.S. Agg Index	8.74	5.32	4.30	3.82	5.14

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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 Income Fund had a total return of 6.0% for the second quarter of 2020, compared to a total return of 2.9% for the Bloomberg Barclays U.S. Aggregate Bond Index (Bloomberg Barclays U.S. Agg). For the six months ended June 30, 2020, the Fund had a total return of 5.2%, compared to 6.1% for the Bloomberg Barclays U.S. Agg.

Investment Commentary

The broad U.S. investment-grade fixed income market generated a robust 2.9% return in the second quarter driven by exceptionally strong performance from the Corporate bond sector. After plunging in the first quarter over concerns about the coronavirus (COVID-19) pandemic, risk assets staged a remarkable recovery 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.

Economic data released early in the quarter reflected the damage that the pandemic-induced shutdowns inflicted on the U.S. economy, but recent data have been more positive than many expected. While the unemployment rate spiked to 14.7% in early May, the highest level since the Great Depression, the rate has since declined to 11.1% as employers added back over seven million jobs in May and June from the 22 million lost in March and April. This comes on the heels of resilient consumer confidence surveys and stabilizing manufacturing and service industry data.

While Federal Reserve Chair Jerome Powell affirmed that economic activity has rebounded earlier than anticipated, he highlighted the need for continued policy support to sustain the recovery, which the Fed, for their part, remains willing and able to supply. Powell indicated that the Fed expects to keep interest rates low for an extended period, but is not considering negative interest rates at this time.

The investment-grade Corporate sector returned 9.0%,[2] outperforming comparable-duration[3] Treasuries by 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. U.S. investment-grade corporate bond issuance in the first half of the year reached $1.1 trillion, exceeding the amount issued in all of 2019, as companies raced to borrow funds to pay down shorter-term debt and raise cash to weather the recession. This new debt was easily absorbed by the market, with credit valuations significantly improving over the period. Agency[4] MBS returned just 0.7% for the quarter but outperformed comparable short-duration Treasuries by 0.4 percentage points. Prepayments have surprised on the upside due to a combination of fewer shelter-in-place hurdles to refinancing and higher-than-expected demand.

We made a number of changes to the Fund's portfolio during the second quarter. For example, we established new positions in eight corporate issuers at what we believe were exceptionally attractive valuations. Along with many additions to existing corporate issuers and substantial market appreciation, this raised the Fund's corporate weighting from 37.6% to 45.5%. Toward quarter end, we trimmed certain recently purchased corporate holdings after very strong performance. We also reduced the Fund's Agency 30-year 4% and 4.5% coupon MBS holdings in favor of Agency 30-year 2% and 2.5% coupon MBS, which we believe offer lower prepayment risk at a more compelling valuation. We lengthened the Fund's duration modestly through the aforementioned corporate bond purchases, though we remain defensively positioned vis-à-vis interest rate risk to reflect our expectation that over the medium and long-term interest rates will rise from today's exceptionally low levels. Overall, we remain optimistic about the long-term prospects for the Fund. 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 healthcare 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 Bloomberg Barclays U.S. Agg by 3.1 percentage points during the quarter.

Key Contributors to Relative Results

- Asset allocation was significantly positive as the Fund'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.

Key Detractors from Relative Results

- While security selection was positive overall, certain holdings modestly underperformed, such as Wells Fargo, Bank of America, and Macy's.

Year-to-Date Performance Review

The Fund underperformed the Bloomberg Barclays U.S. Agg by 0.9 percentage points year to date.

Key Detractors from Relative Results

- The Fund's below-benchmark duration position (73%[5] 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.

Key Contributors to Relative Results

- Asset allocation was positive. Although credit underperformed year to date, the substantial increase we made to the Fund's corporate sector weighting amid the market volatility in March and April and the subsequent outperformance of credit contributed to relative returns.
- While security selection was negative overall, certain corporate holdings outperformed, including Imperial Brands, Cox Communications, Cigna, and Bayer.

[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 Bloomberg Barclays U.S. Aggregate Bond Index is a widely recognized, unmanaged index of U.S. dollar-denominated investment-grade fixed income securities.

[2] Sector returns as calculated and reported by Bloomberg.

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

[4] 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.

[5] Figures in this section denote Fund positioning at the beginning of the period.