Objectives
- The Fund seeks long-term growth of principal and income. A secondary objective is to achieve a reasonable current income.

Strategy
- The Fund invests primarily in a diversified portfolio of U.S. equity securities. In selecting investments, 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. The Fund focuses on the underlying financial condition and prospects of individual companies, including future earnings, cash flow, and dividends. Various other factors, including financial strength, economic condition, competitive advantage, quality of the business franchise, and the reputation, experience, and competence of a company’s management are weighed against valuation in selecting individual 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. Please read the prospectus for specific details regarding the Fund’s risk profile.

General Information
- Net Asset Value Per Share: $239.56
- Total Net Assets (billions): $89.2
- Expense Ratio: 0.52%
- Portfolio Turnover Rate (1/1/21 to 6/30/21, unannualized): 9%
- 30-Day SEC Yield (a): 1.04%
- Active Share (b): 84%
- Number of Companies: 66
- Fund Inception: 1965

Net Cash & Other: 1.7%

Investment Manager: Dodge & Cox, San Francisco. Managed by the U.S. Equity Investment Committee, whose nine members’ average tenure at Dodge & Cox is 23 years.

Portfolio Characteristics
- Median Market Capitalization (billions): $51
- Weighted Average Market Capitalization (billions): $215
- Price-to-Earnings Ratio (c): 13.9x
- Non-U.S. Securities not in the S&P 500 (d): 9.9%

Ten Largest Equity Holdings (e)
- Wells Fargo & Co.: 4.4
- Charles Schwab Corp.: 3.9
- Capital One Financial Corp.: 3.8
- Alphabet, Inc.: 3.7
- Comcast Corp.: 3.0
- Sanofi (France): 2.8
- MetLife, Inc.: 2.7
- Johnson Controls International PLC: 2.6
- GlaxoSmithKline PLC (United Kingdom): 2.6
- Occidental Petroleum Corp.: 2.6

Asset Allocation
- Equity Securities: 98.3%

Sector Diversification (%)
- Financials: 25.7%
- Health Care: 18.2%
- Information Technology: 18.0%
- Communication Services: 14.3%
- Industrials: 8.6%
- Energy: 8.4%
- Consumer Discretionary: 3.1%
- Consumer Staples: 1.1%
- Materials: 0.9%
- Real Estate: 0.0%
- Utilities: 0.0%

(c) 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.

(d) Non-U.S. securities 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, unrealized gain (loss) on derivatives, receivables, and payables.
The Dodge & Cox Stock Fund had a total return of 8.8% for the second quarter of 2021, compared to 8.6% for the S&P 500 Index and 5.2% for the Russell 1000 Value Index (R1000V). For the six months ended June 30, 2021, the Fund had a total return of 26.1%, compared to 15.3% for the S&P 500 and 17.1% for the R1000V.

Investment Commentary

The U.S. equity market continued to appreciate during the second quarter of 2021, extending gains since March 2020 and reaching an all-time high in June. The successful rollout of COVID-19 vaccines, unprecedented fiscal and monetary stimulus, healthy consumer balance sheets, and tightening labor markets created optimism about U.S. economic growth and helped propel stock market returns. Cyclical sectors of the market that previously lagged (e.g., Energy, Financials, Industrials) outperformed significantly. Since the end of 2020, interest rates and commodity prices have risen, boosting the Financials and Energy sectors. Stock prices now reflect investors’ expectations for a sustained, strong economic recovery. Since Pfizer and BioNTech’s announcement on November 9, 2020 that they had successfully developed a COVID-19 vaccine, the Fund has outperformed the S&P 500 by 22 percentage points, the R1000V by 15 percentage points, and the Russell 1000 Growth Index by 26 percentage points.1

While value stocks have outperformed growth stocks since November, they continue to trade at a wide discount to growth stocks.2 In addition, stocks that benefit from rising interest rates are currently trading at particularly low relative valuations, and we have increased the Fund’s relative weighting to these types of stocks. Even if interest rates don’t rise, the Fund still stands to potentially benefit from valuation spreads returning to more historically normal levels. Importantly, the Fund’s composition is very different from the overall market and trades at a meaningful discount to both the broad-based market and value universe: 13.9 times forward earnings compared to 22.3 times for the S&P 500 and overall market and trades at a meaningful discount to both the broad-based market and value universe: 13.9 times forward earnings compared to 22.3 times for the S&P 500 and 17.9 times for the R1000V.1

Our disciplined, value-oriented approach—based on our extensive research, long-term investment horizon, and organizational independence—has enabled us to buy out-of-favor securities with strong fundamentals during periods of uncertainty and own them until the market recognizes their attributes. During the COVID-19 downturn, the Fund added to depressed cyclical sectors (e.g., Energy, Financials, Information Technology Hardware), largely funded with trims from more defensive segments. More recently, we have added significantly to the Fund’s holdings in Pharmaceuticals, Biotechnology, Media, and Telecommunication Services based on low relative valuations, attractive business models, and company-specific opportunities. The Fund is overweight low-priced cyclical stocks that stand to benefit from accelerating economic growth. As the Fund’s holdings in the Energy and Financials sectors outperformed, we also sold JPMorgan Chase and trimmed APA, Baker Hughes, Bank of America, Capital One Financial, Halliburton, and Truist Financial based on their increased valuations.

Going forward, growth stocks could benefit less than value stocks from reopening economies, and they are also more vulnerable to rising rates. We are encouraged by recent performance results, but market cycles can be quite long. Value has been out of favor for over a decade and could take some time to recover, supported by still-wide valuation spreads. While there is uncertainty over the exact timing, we expect interest rates to be higher in the coming years, and the Fund is positioned to potentially benefit largely through its holdings in Financials.

We believe patience, persistence, and a long-term investment horizon are essential to investment success. We encourage our shareholders to take a similar view. Thank you for your continued confidence in Dodge & Cox.

Second Quarter Performance Review

The Fund outperformed the Russell 1000 Value by 3.6 percentage points during the quarter.

Key Contributors to Relative Results versus the R1000V

- Returns from holdings in Communication Services (up 13% versus up 4% for the R1000V sector), combined with an overweight position, had a positive impact. Alphabet and Charter Communications were key contributors.
- In Financials, the Fund’s holdings (up 11% versus up 8% for the R1000V sector) and higher average weighting helped returns. Capital One Financial, Wells Fargo, and Charles Schwab were strong.
- Stock selection in the Industrials sector was positive. Johnson Controls International performed particularly well.

Key Detractors from Relative Results versus the R1000V

- The Fund’s overweight position in Information Technology hurt results. HP Inc., Fiserv, Cognizant Technology Solutions, and Hewlett Packard Enterprise lagged.
- MetLife and Cigna also detracted.

Year-to-Date Performance Review

The Fund outperformed the S&P 500 by 10.8 percentage points year to date.

Key Contributors to Relative Results versus the S&P 500

- The Fund’s average overweight position and holdings in Financials (up 38% versus up 26% for the S&P 500 sector) added significantly to results. Capital One Financial, Wells Fargo, Charles Schwab, and Goldman Sachs were top contributors.
- A higher average weighting and strong returns from holdings in Energy (up 50% versus up 46% for the S&P 500 sector) contributed. Occidental Petroleum was a standout performer.
- Stock selection in the Information Technology sector was positive (up 18% versus up 14% for the S&P 500 sector). Dell Technologies and HP Inc. were strong.

Key Detractors from Relative Results versus the S&P 500

- The Fund’s average overweight position in Health Care hurt results. Novartis and BioMarin lagged.
- Other key detractors included Cognizant Technology Solutions, Fiserv, Microsoft, and Charter Communications.

The Fund outperformed the Russell 1000 Value by 9.0 percentage points year to date.

Key Contributors to Relative Results versus the R1000V

- Relative returns in the Financials sector (up 38% versus up 27% for the R1000V sector), combined with a higher average weighting, had a positive impact. Capital One Financial, Wells Fargo, Charles Schwab, and Goldman Sachs were notable contributors.
- Returns from holdings in Communication Services (up 24% versus up 10% for the R1000V sector) helped results, especially Alphabet.

The Fund’s average overweight position and holdings in Energy (up 50% versus up 46% for the R1000V sector) contributed, notably Occidental Petroleum.

Key Detractors from Relative Results versus the R1000V

- No sector meaningfully detracted from relative returns. Individual holdings that detracted included Cognizant Technology Solutions, Novartis, Bookings Holding, Fiserv, Charter Communications, and Comcast.

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 but, unlike Fund returns, do not reflect fees or expenses. The S&P 500 Index is a market capitalization-weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Russell 1000® Value Index is composed of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values.

2 The Dodge & Cox Stock Fund had a total return of 45.3% from November 9, 2020 to June 30, 2021 compared to 23.7% for the S&P 500 Value Index, and 19.1% for the Russell 1000 Growth Index.

3 Generally, stocks that have lower valuations are considered “value” stocks, while those with higher valuations are considered “growth” stocks.

4 Unless otherwise specified, all weightings and characteristics are as of June 30, 2021.

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

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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.