To Our Shareholders

The Dodge & Cox Income Fund—Class I had a total return of -10.87% for the year ended December 31, 2022, compared to a return of -13.01% for the Bloomberg U.S. Aggregate Bond Index (Bloomberg U.S. Agg).[1]

MARKET COMMENTARY

The Bloomberg U.S. Agg declined 13% in 2022 as surging Treasury yields and widening credit spreads resulted in the worst year for the Index since its inception in 1976. Treasury rate increases were widespread, ranging from 450 basis points[2] (bps) at the front end of the yield curve to 200 bps at the back.

The Federal Reserve battled the highest inflation rates in four decades by raising its benchmark interest rate from near zero to a range of 4.25-4.5%, the highest level in 15 years. Fed officials have signaled plans to keep raising rates in 2023, though at a slower pace. Inflation cooled from 40-year highs late last year, but it remains well above the central bank's 2% target. Through December, headline PCE[3] rose 5.0% and core PCE was up 4.4%, both the lowest annual increases since October 2021. While U.S. economic data is showing some softness, the labor market remains resilient. Employers added 247,000 jobs monthly on average over the last three months of the year, and the unemployment rate declined to a 50-year low of 3.5%. As of December 31, the futures market was pricing in a Fed funds rate of 5% by June 2023.

Credit spreads widened meaningfully throughout 2022, reflecting elevated volatility due to a combination of geopolitical issues and recession risk, before narrowing significantly as the year ended. The investment-grade Corporate sector returned -15.8% and underperformed comparable-duration[4] Treasuries by 1.3 percentage points.

Agency[5] mortgage-backed securities (MBS) spreads followed a similar trajectory despite higher mortgage rates and significantly reduced prepayment risk. The sector returned -11.8% and underperformed comparable-duration Treasuries by 2.2 percentage points.

INVESTMENT STRATEGY

Last year was one of the most challenging environments for fixed income investors in recent decades. While rising rates, widening credit spreads, and elevated volatility presented headwinds for absolute returns in 2022, there was one silver lining: current bond market yields, an important determinant of future return potential for the asset class, are much higher and more attractive than 12 months ago. The yield on the Bloomberg U.S. Agg ended the year at 4.7%, its highest level in over 14 years and nearly three percentage points higher than at the start of 2022. Given these higher starting yields, we are excited about the prospects for fixed income as an asset class. We are also enthusiastic about the Fund's opportunity to add value through our active management approach.

The portfolio entered 2022 conservatively positioned with respect to three major sources of fixed income risk and opportunity—duration/inflation, credit, and convexity—because valuations at the time did not provide sufficient buffer for the risks we saw in those three areas. As risk repriced over the course of the year, we incrementally but meaningfully pivoted the portfolio's exposures. We added significantly to the portfolio's Credit[6] and Securitized sector holdings, based on our bottom-up assessment of valuations and fundamentals for individual securities and issuers. We also extended the portfolio's duration, though the portfolio remains positioned somewhat shorter than the Bloomberg U.S. Agg.

The Credit Sector: Leaned into Opportunities at More Attractive Valuations

To take advantage of wider spreads, we increased the Fund's overall Credit sector weighting to 49%, adding 11 percentage points on a net basis. We purchased securities in both the primary and secondary markets, initiating new positions in eight issuers and adding to numerous existing holdings. These new holdings included issues from both the corporate (e.g., GE HealthCare, Goldman Sachs, NextEra Energy)[7] and non-corporate (e.g., Republic of Colombia) sectors, increasing portfolio diversification at compelling spread levels. While the year-over-year change was meaningful, we added at a gradual pace throughout the year, reflecting our investment team's efforts to strike a balance between the potential rewards of attractive pricing and the risks of elevated macroeconomic and geopolitical uncertainties.

One notable recent credit purchase is GE HealthCare, a global leader in medical technology (imaging, ultrasound, pharma diagnostics, and others). The company has a strong brand, global presence, high portion of recurring revenue, and long track record of adroitly navigating recessions (though not as a stand-alone company; it was formed in late 2022 as part of the breakup of General Electric, the iconic conglomerate). Management remains committed to maintaining investment-grade ratings and expects to achieve modest deleveraging. While the business faces a number of risks, including pressure on procedure reimbursement and contingent liabilities, we believe investors are more-than-adequately compensated.

Despite concerns about a near-term recession, we are optimistic about the long-term prospects for the Fund's credit portfolio for

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. Mutual fund performance changes over time and 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.

several reasons. First, our downside-focused "through the cycle" underwriting process helps to mitigate default risk and provide the assurance necessary to maintain or even add to holdings during periods of stress. Second, fundamentals for the portfolio's holdings generally remain solid: profitability is high; balance sheets are strong; and, many companies extended their debt maturities and locked in lower rates in 2020 and 2021. Finally, as a byproduct of our integrated research process, the credit portfolio is substantially different from the broad credit market. For example, it features fewer issuers (74 versus over 1,000) culled from a diverse set of industries (15), a higher yield premium (226 bps versus 121 bps), and a shorter duration (5.8 years versus 6.9 years) compared to the broad investment-grade Credit Index.[8]

The Securitized Sector: Took Advantage of a Dramatic Market Shift

We found the Agency MBS market to be particularly interesting last year. With the prevailing mortgage rate near multi-decade highs following the massive increase in rates this year, nearly all existing mortgage borrowers lack any incentive to refinance. Given this development, the fundamental risk in Agency MBS—convexity (i.e., duration variability driven by changes in prepayments on the underlying mortgages)—declined to very low levels. During the same period, the Fed, the single largest buyer of Agency MBS over the past several years, ended its monthly purchases of MBS and began to let its balance sheet holdings run off. Spreads on Agency MBS widened out to levels last seen consistently in 2012, and bond prices reached their lowest levels in 40 years. The net result is that the MBS market offers historically low risk with attractive valuations, creating a meaningful risk/reward opportunity.

We leaned into this environment by increasing the Fund's Agency MBS weighting by five percentage points to 40%, while also shifting the mix of holdings. We continued to find value in lower-coupon (2-3.5%) pass-through securities trading substantially below par, reflecting very low prepayment risk and compelling spreads. We also added modestly to the portfolio's positions in Ginnie Mae-guaranteed Home Equity Conversion Mortgages (also known as reverse mortgages) and hybrid ARMs (adjustable-rate mortgages). These are two unique, out-of-benchmark, floating-rate securities that offer diversification benefits and trade at compelling valuations versus short duration alternatives. Overall, the portfolio's Agency MBS holdings offer dependable liquidity, relatively low volatility, and attractive relative value over our investment horizon.

The portfolio also holds a 5% position in highly rated asset-backed securities (ABS). These are primarily FFELP[9] Student Loan ABS, which are floating rate securities backed by 97% federally guaranteed student loans. While delinquencies and total consumer debt outstanding are increasing, they remain near historically low levels. Given the headwinds generated by higher interest rates, inflation, and economic uncertainty, as well as the eventual end of federal student loan forbearance, we expect consumer fundamentals to weaken slightly this year. On the policy front, we continue to monitor developments regarding the student loan forgiveness plan announced by the Biden administration, which faces several legal challenges and long odds for implementation. Overall, we find the portfolio's student loan ABS holdings to be attractively priced versus alternatives and appreciate the high degree of federal government support of the underlying loans.

Economic Outlook and Portfolio Duration: Extended, but Mindful of Flat Yield Curve

The deliberations and decisions that shape portfolio duration positioning are informed by our six-member Rates Group. This team builds base, up, and down-case scenarios for economic growth, inflation, and interest rates and then runs total return simulations for the portfolio and benchmark to identify a range of possible return outcomes over a two-year period. Meanwhile, our eight-member U.S. Fixed Income Investment Committee sets broad portfolio strategy, including duration, while taking into consideration those rate scenarios and simulations as well as the potential interaction of portfolio duration with other risk positions. This Committee seeks to optimize risk/reward over our long-term investment horizon.

We adjusted our U.S. macroeconomic base case over the course of last year to reflect our expectations for significantly slower growth in 2023 and a potential mild recession. We expect the Fed to hike rates through early 2023 to slightly above 5%, and then keep rates in restrictive territory until there is clear progress on inflation and more visible weakness in labor markets. After an extended pause, we believe the Fed will likely unwind some of its hikes beginning in 2024. Our expectations for longer maturity yields are similar to what forward markets are pricing in.

Through a series of adjustments over the course of last year, we lengthened the portfolio's duration from 4.75 to 5.50 years. The portfolio remains positioned slightly below the Bloomberg U.S. Agg's duration of 6.2 years, but the gap has narrowed substantially since the end of 2021. Our adjustments were undertaken in response to rising rates and reflected the more attractive risk/reward tradeoff of interest rate risk. One important consideration is the increased probability that the Fed's aggressive pace of hikes could trigger a recession, with inflation and rates falling, perhaps rapidly.

While we increased the portfolio's exposure to rates based on the increase in yields in the broad fixed income market, we believe it is appropriate to remain positioned somewhat shorter than the benchmark, particularly at the long end. If inflation persists for longer than expected in our base case, that could pressure rates to the upside. The flat yield curve also means there is not much additional income offered for taking more duration risk.

IN CLOSING

The challenging year for bond investors has resulted in higher current income and future return potential, while elevated levels of market volatility and macro uncertainty have created opportunities for active, bottom-up managers like Dodge & Cox. We believe the fixed income asset class continues to serve a vital portfolio role by providing investors with liquidity, current income, diversification, and, generally, low correlation to riskier asset classes over multi-year investment horizons.

Thank you for your continued confidence in Dodge & Cox. As always, we welcome your comments and questions.

For the Board of Trustees,

Dana M. Emery, Chair and President
January 31, 2023

1. All returns are stated in U.S. dollars, unless otherwise noted. The Funds' 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 dividend and/or interest income but, unlike Fund returns, do not reflect fees or expenses. The Bloomberg U.S. Aggregate Bond Index is a widely recognized, unmanaged index of U.S. dollar-denominated, investment-grade, taxable fixed income securities.
2. One basis point is equal to 1/100th of 1%.
3. Personal consumption expenditures (PCE) measure how much consumers spend on durable and non-durable goods and services. PCE is the Federal Reserve's preferred measure for inflation.
4. Duration is a measure of a bond's (or a bond portfolio's) price sensitivity to changes in interest rates.
5. 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.
6. Credit refers to corporate bonds and government-related securities, as classified by Bloomberg, as well as Rio Oil Finance Trust, an asset-backed security that we group as a credit investment.
7. The use of specific examples does not imply that they are more or less attractive investments than the Fund's other holdings.
8. Credit Index refers to the Bloomberg U.S. Credit Index, which measures the investment-grade, U.S. dollar-denominated, fixed-rate, taxable corporate, and government-related bond markets.
9. FFELP is the Federal Family Education Loan Program.

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.

Dodge & Cox®
Investment Focus

Income Fund

CLASS I SHARES

TICKER **DODIX** | 2022 December 31

Open to All Investors

Established in 1930, Dodge & Cox is one of the largest independently owned investment firms in the world. We manage money for individuals and institutions using a single value-oriented investment philosophy across a focused set of strategies.

Fund Inception
January 3, 1989

Diversified Portfolio

Seeks a Durable and Competitive Yield[1]

Moderate Interest Rate Exposure[2]

Details

Expense Ratio	0.41%
Total Net Assets (billions)	$58.1
CUSIP	256210105
Distribution Frequency	Quarterly
30-Day SEC Yield[4]	4.51%
Portfolio Turnover[5] (1/1/22 to 12/31/22)	118%

No sales charges or distribution fees

Risk Metrics (5 Years)

Tracking Error[6]	2.06
Standard Deviation[7]	5.06
Sharpe Ratio[8]	-0.01

Investment Committee

Managed by the U.S. Fixed Income Investment Committee, whose members' average tenure at Dodge & Cox is 23 years.

Investment Objective

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

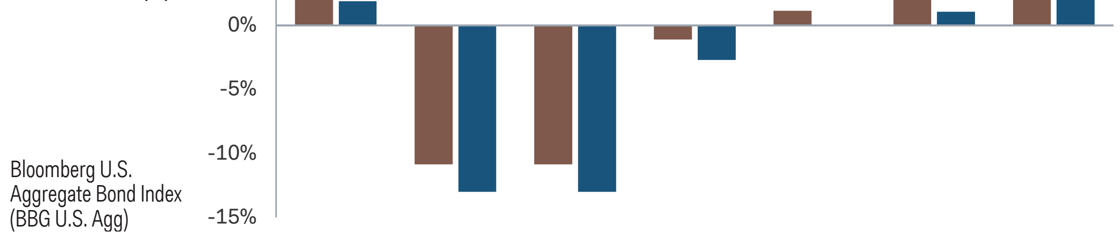
Investment Approach

The Fund offers investors a highly selective, diversified, and actively managed core fixed income fund comprised of carefully-researched investments with attractive long-term risk/return prospects. Generally, we:

- Build a diversified portfolio of primarily investment-grade debt securities, including government and government-related obligations, mortgage- and asset-backed securities, corporate and municipal bonds, and other debt securities.
- Opportunistically pursue areas the benchmark may not cover, such as below investment-grade debt, debt of non-U.S. issuers, and other structured products.
- Select individual securities based on fundamental research and consider a variety of factors, including yield, credit quality, liquidity, covenants, call risk, duration, structure, and capital appreciation potential, as well as financially material environmental, social, and governance (ESG) issues.

Performance[3]

Total Returns (%)



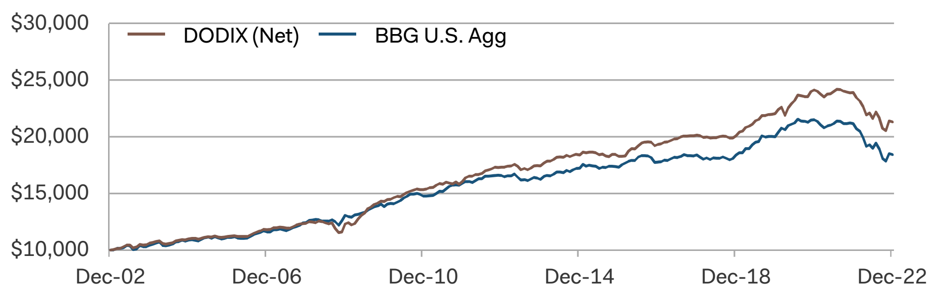
Bloomberg U.S. Aggregate Bond Index (BBG U.S. Agg)

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
			Average Annual Total Returns				
DODIX (Net)	2.75	-10.87	-10.87	-1.12	1.12	2.09	3.85
BBG U.S. Agg	1.87	-13.01	-13.01	-2.71	0.02	1.06	3.10

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. Mutual fund performance changes over time and 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.

Hypothetical Growth of $10,000[3]

For an investment made on December 31, 2002



Dana Emery
Chair and CEO (39 yrs at Dodge & Cox)

Tom Dugan
Director of Fixed Income (28yrs)

Jim Dignan
Fixed Income Analyst (23 yrs)

Lucy Johns
Assoc. Director of Fixed Income (20 yrs)

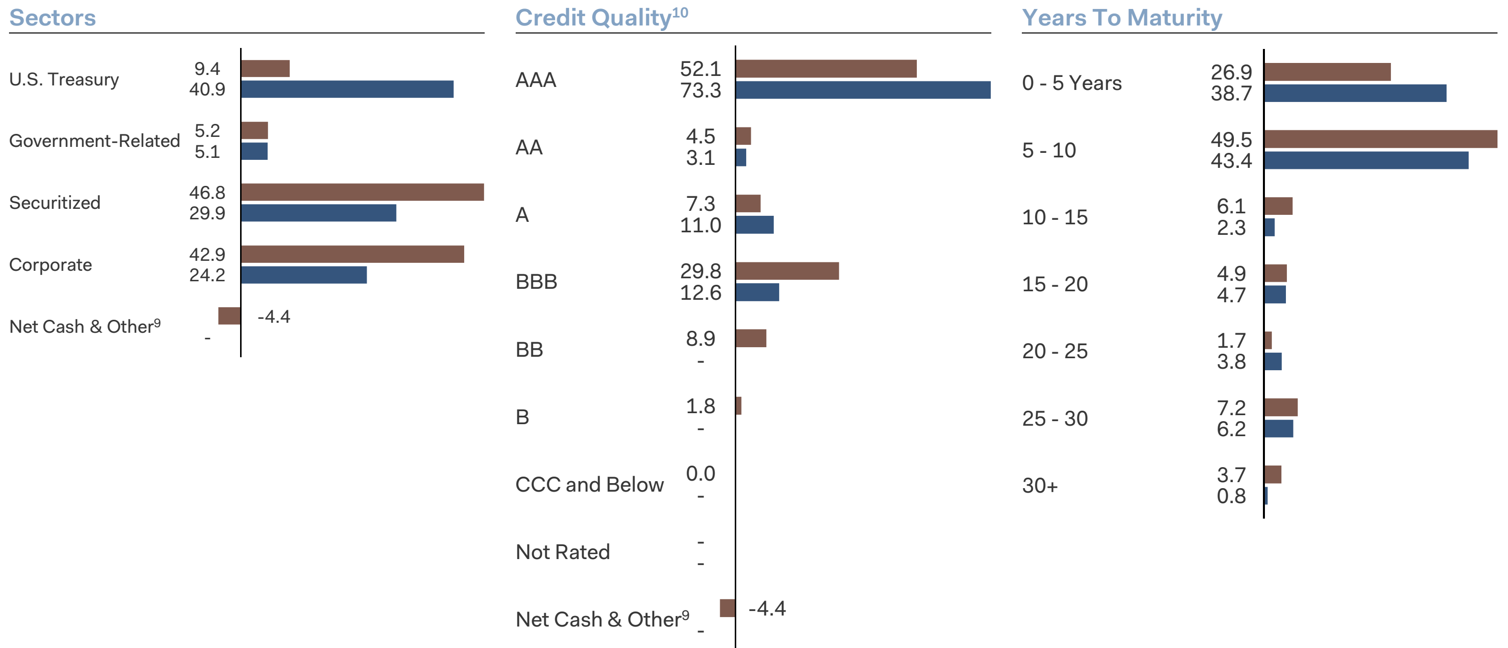
Adam Rubinson
Fixed Income Analyst (20 yrs)

Tony Brekke
Fixed Income Analyst (19 yrs)

Nils Reuter
Trader, Fixed Income Analyst (19 yrs)

Mike Kiedel
Fixed Income Analyst (14 yrs)

Portfolio Breakdown (% of Fund)



Ten Largest Credit Issuers (% of Fund)[11]

	Fund
Charter Communications, Inc.	2.5
HSBC Holdings PLC	2.3
Petroleos Mexicanos	2.3
Ford Motor Credit Co. LLC	2.0
Prosus NV	1.9
JPMorgan Chase & Co.	1.8
TC Energy Corp.	1.5
BNP Paribas SA	1.5
Imperial Brands PLC	1.5
Citigroup, Inc.	1.4

Portfolio Characteristics

	Fund	BBG U.S. Agg
Yield to Worst[12]	5.7%	4.7%
Effective Duration (years)[13]	5.5	6.2
Effective Maturity (years)	10.4	8.4
Number of Credit Issuers	73	977

Risks

The Fund invests in individual bonds and other securities whose yields and market values fluctuate, so that your investment may be worth more or less than its original cost. The Fund's performance could be hurt by interest rate risk, credit risk, below investment-grade securities risk, mortgage- and asset-backed securities risk, to-be-announced transaction risk, non-U.S. investment risk, liquidity risk, derivatives risk, call risk, sovereign and government-related debt risk, manager risk, market risk, and hybrid securities risk. Please read the prospectus for specific details regarding the Fund's risk profile.

1 Based on yield to maturity, which is the total rate of return anticipated for a bond if it is held to maturity, assuming all interest payments are made on schedule and the original principal amount is repaid.
2 Based on effective duration, which is a measure of a portfolio's price sensitivity to interest rate changes, being within the range of three to seven years.
3 All returns are stated in U.S. dollars, unless otherwise noted. The Funds' 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 dividend and/or interest income but, unlike Fund returns, do not reflect fees or expenses.
4 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.
5 Portfolio Turnover is calculated as the lesser of the portfolio purchases or sales divided by the average portfolio value for the period.
6 Tracking error is a measure of risk. It is defined as the Standard Deviation of the portfolio's excess return vs. the benchmark expressed in percent.
7 Standard Deviation measures the volatility of the funds returns. Higher Standard Deviation represents higher volatility.
8 Sharpe Ratio is a risk-adjusted measure that calculates excess performance with respect to the risk-free rate per unit of volatility over the time frame.
9 Net Cash & Other includes cash, short-term investments, unrealized gain (loss) on derivatives, receivables, and payables.
10 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. A rating of AAA is the highest possible credit rating, while a rating in the C's or D's is the lowest. 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 7.3% in securities rated below investment grade. For consistency purposes, we use the S&P and Fitch rating categories. The credit quality of the investments in the portfolio does not apply to the stability or safety of the Fund or its shares.
11 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.
12 Yield to Worst is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting. The distribution of this information must be preceded or accompanied by the prospectus.
13 Effective duration is a measure of a portfolio's price sensitivity to interest rate changes.

Figures represented by a dash are zero or have no associated data while figures represented by a zero may be rounded to zero.
Market values for debt securities include accrued interest.
The Bloomberg U.S. Aggregate Bond Index (BBG U.S. Agg) is a widely recognized, unmanaged index of U.S. dollar-denominated investment-grade fixed income securities.
Bloomberg is a registered trademark of Bloomberg Finance L.P. and its affiliates. For more information about this Index, visit dodgeandcox.com.

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.

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