Dodge & Cox®
Investment Focus

Income Fund

To Our Shareholders

The Dodge & Cox Income Fund—Class I Shares had a total return of 2.26% for the year ended December 31, 2024, compared to a return of 1.25% for the Bloomberg U.S. Aggregate Bond Index (Bloomberg U.S. Agg).[1]

MARKET COMMENTARY

Over the course of 2024, long-term interest rates rose, and the U.S. Treasury yield curve steepened sharply, influenced by the Federal Reserve's initiation of rate cuts and the U.S. economy's resilience. The 2-year Treasury yield ended the year unchanged at 4.2%, despite significant intra-period volatility, while the 10-year yield rose by almost 70 basis points to 4.6%. In this environment, the Bloomberg U.S. Agg returned a meager 1.3%.

The U.S. economy grew 2.8% in 2024, driven by strong consumer spending in the second half of the year. PCE inflation declined (2.4% year-over-year annualized versus 2.7% a year ago) but remains above the Fed's 2% target. While the labor market softened (a 4.1% unemployment rate at the end of 2024 versus 3.8% a year earlier), it was surprisingly strong in the face of high interest rates. The Fed initiated an easing cycle in September, with three cuts totaling 100 basis points by year end. Policymakers have signaled that the pace of future cuts remains data dependent.

Reflecting a robust economy and strong fundamentals, investment-grade corporate bonds returned 2.1% for the year, significantly outperforming comparable-duration Treasuries as credit spreads tightened to the narrowest level in decades. Agency[2] mortgage-backed securities (MBS) returned 1.2% and outperformed comparable-duration Treasuries, despite facing headwinds from interest rate volatility. Both sectors benefited from strong investor demand amid favorable market conditions and attractive absolute yields.

INVESTMENT STRATEGY

We made numerous portfolio adjustments in 2024 as we navigated through evolving economic and political developments, tightening credit spreads, and a volatile rate backdrop. Most notably, we reduced the portfolio's Credit sector weighting by nine percentage points (to 31% of the Fund).[3] This continues a process we initiated in 2023, reflecting our valuation-disciplined approach. We redeployed the proceeds of the credit reductions primarily into U.S. Treasuries and cash (together up seven percentage points to 21%) as well as the Securitized sector (up two percentage points to 49%), where we favor low-coupon, 30-year Agency MBS for their reasonable valuations. We also increased the Fund's duration from slightly below to slightly above the benchmark (now 6.3 years versus 6.1 years for the Bloomberg U.S. Agg), based on our view that starting nominal and real yields are attractive and our expectation that long-term interest rates will decline in the coming years as inflation gradually eases.

Credit Sector: Navigating a Tight Spread Environment

Throughout 2024, we maintained a disciplined approach to managing credit risk within a tightening spread environment. To put the current level of valuations into a longer-term context, the U.S. Investment Grade Corporate Index ended the year with a spread of 80 basis points—near the tightest it has been over the past 20 years. That level of Index spread offers investors significantly less compensation for assuming credit risk versus longer-term averages and may not incorporate a significant margin of safety against downside risks that could materialize in 2025 and beyond.

We capitalized on these rich valuations by pruning several longer-duration holdings, such as AT&T, British American Tobacco, and Charter Communications.[4] We also trimmed positions in certain banks (e.g., BNP Paribas, Citigroup, HSBC) due to their high valuations and the Fund's large exposure to the sector. Additionally, we took advantage of favorable tender offers to fully exit the Fund's long-held positions in Petrobras and Occidental Petroleum. Over the years, our careful and continuous review of these two lower-rated, energy-related issuers provided the assurance needed to weather periods of past volatility, thereby generating incremental yield and price appreciation for the benefit of Fund shareholders. Our reductions over the past 24 months (from 48% to 31%) have brought the Fund's Credit sector weighting to its lowest level since 2007.

Although spreads are tight and spread dispersion is low, we continue to find new opportunities in the Credit sector. In the fourth quarter, for example, the Fund initiated a small position in subordinated bonds issued by CVS Health, a leading health care services company. While the company has faced a variety of challenges, we believe the recently appointed CEO is focused on improving internal operations. Meanwhile, the company's diversification and low cyclicality help mitigate downside risk, and its 7% new issue yield was attractive compared to other similar-risk securities. Our investment team is well-versed in analyzing subordinated (also known as hybrid) securities, with the Fund holding 2% in similarly structured securities across four non-financial issuers.

We remain optimistic about the long-term total return potential of the Fund's credit holdings, even with broad credit market spreads near historically tight levels. We focus on reasonably priced, leading franchises with strong liquidity, solid balance sheets, stable cash flows, and prudent management. This results in a credit

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.

portfolio with distinctly attractive characteristics. Compared to the Bloomberg U.S. Credit Index, the Fund's 59 credit issuers have a higher average spread (134 basis points versus 77) and a shorter average duration (4.5 years versus 6.7). While we recognize the potential for future volatility and the risk of wider credit spreads, we believe our disciplined approach, along with the portfolio's yield cushion, will mitigate the impact of potential price declines over time.

Securitized Sector: Market Opportunities and Strategic Adjustments

We maintained the Fund's relatively large exposure (49%) to the Securitized sector. Exposure is composed of a large allocation to lower priced fixed-rate Agency mortgage pass-throughs paired with a smaller allocation to short-duration, floating-rate collateralized mortgage obligations (CMOs) and asset-backed securities (ABS). Overall, these securitized holdings provide reliable liquidity, exhibit lower spread volatility compared to credit securities, and offer appealing risk-adjusted return prospects over our investment horizon.

Low coupon, 30-year Agency MBS remain the foundation of the portfolio's Securitized sector exposure because of their robust fundamentals and compelling valuations. From a fundamental standpoint, cash flow variability—the primary risk borne by investors in Agency MBS—has remained low. The 2020–2021 home mortgage refinancing wave and subsequent rise in mortgage rates has effectively eliminated any incentive for most homeowners to refinance. At the same time, technical factors—notably, reduced demand for MBS from commercial banks since early 2023—has contributed to spreads trading near long-term averages.

We favor 2.0–4.5% coupon securities that offer competitive yields compared to higher (over 6%) coupons but that are 150 to 400 basis points out of the money (i.e., the prevailing mortgage rate less the existing borrower's rate). This differential makes the securities less exposed to interest rate volatility and resulting cash flow variability, offering a more favorable risk/return profile. Over the year, and particularly in the fourth quarter, we added to 30-year 4.0–4.5% coupon securities, which complement the portfolio's existing Agency MBS holdings by creating attractive prospective return potential across a range of interest rate and prepayment scenarios.

Last year, we initiated a small position in high-quality auto ABS across a variety of issuers at attractive relative valuations. We maintained the Fund's positions in Ginnie Mae-guaranteed Home Equity Conversion Mortgages (HECMs), commonly known as reverse mortgages, and FFELP Student Loan ABS. These out-of-benchmark, floating-rate securities provide diversification and trade at favorable valuations relative to short-duration alternatives.

Duration: Balancing Risks Amid Volatile Markets and a Resilient Economy

During the year, we made modest adjustments to the Fund's duration. Specifically, in April, with long-term Treasury yields at their highest level in six months, we lengthened duration by a quarter of a year (from 6 to 6.25 years), bringing the portfolio from slightly below to slightly above benchmark duration. This duration stance reflects the attractive nominal and real yield compensation offered for taking interest rate risk and our base case expectation that interest rates will decline more than implied by current market pricing over our investment horizon.

In our base case economic scenario, we expect core inflation to continue to converge towards the Fed's 2% target, though more patience will be needed for core services to respond to slowing economic conditions and the effects of past rate hikes. Fed policymakers are likely to continue to gradually cut the fed funds rate to a more neutral stance, with the pace depending on evidence of progress on core inflation as well as the policies of the Trump administration.

While we believe there is little probability of a U.S. recession, if one materializes, the Fund's longer duration should provide both return and risk benefits because price gains from rapidly falling rates may help mitigate widening credit spreads. Our economic outlook and portfolio positioning are dynamic as we closely monitor the Trump administration's policy proposals, geopolitical uncertainty, and other factors that may impact inflation, interest rates, credit spreads, and overall market conditions.

IN CLOSING

As we look forward, we are optimistic about the long-term prospects for fixed income, supported by relatively high starting yields (5.3% for the Fund). We are also excited about the Fund's relative return prospects because of the opportunity to actively manage issuer and sector exposures, particularly if volatility in credit markets increases. We believe the fixed income asset class continues to serve a vital role for investors, providing liquidity, current income, diversification, and, typically, 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

Dana M. Emery, Chair and President

January 31, 2025

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.
2. 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.
3. Unless otherwise specified, all weightings and characteristics are as of December 31, 2024.
4. The use of specific examples does not imply that they are more or less attractive investments than the portfolio's other holdings.

See Disclosures for a full list of financial terms and Index definitions.

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.

Diversification does not ensure a profit or guarantee against loss.

Dodge & Cox®
Investment Focus

Income Fund

CLASS I SHARES

TICKER **DODIX** | 2024 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)	$89.8
CUSIP	256210105
Distribution Frequency	Quarterly
30-Day SEC Yield[4]	4.51%
Portfolio Turnover[5] (1/1/2024 to 12/31/2024)	14%

No sales charges or distribution fees

Risk Metrics (5 Years)

Tracking Error[6]	1.83
Standard Deviation[7]	6.67
Sharpe Ratio[8]	-0.15

Investment Committee

Managed by the U.S. Fixed Income Investment Committee, whose members' average tenure at Dodge & Cox is 24 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.

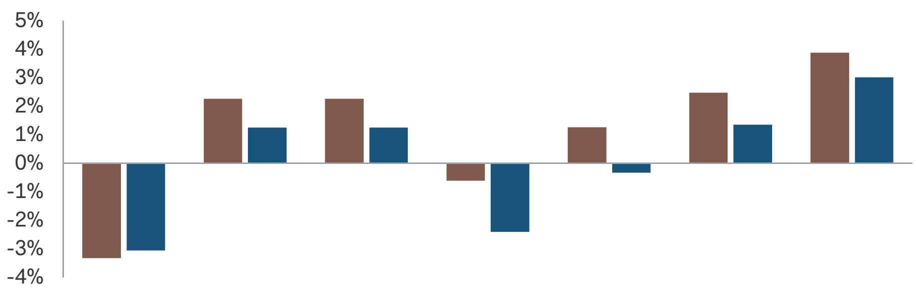
Investment Approach

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 (%)



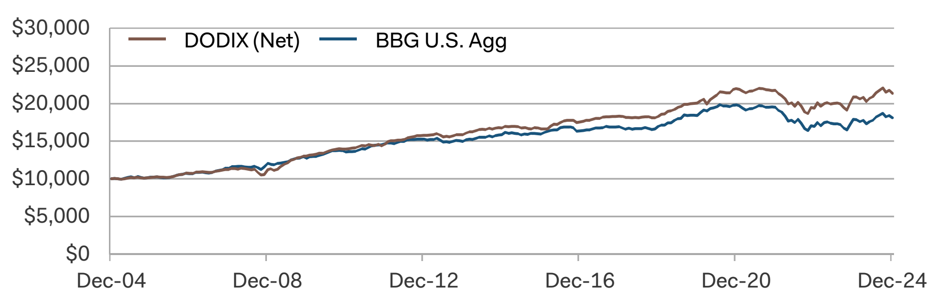
Bloomberg U.S. Aggregate Bond Index (BBG U.S. Agg)

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
			Average Annual Total Returns				
DODIX (Net)	-3.33	2.26	2.26	-0.62	1.26	2.47	3.87
BBG U.S. Agg	-3.06	1.25	1.25	-2.41	-0.33	1.35	3.01

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, 2004




Dana Emery
Chair and CEO (41 yrs at Dodge & Cox)


Jim Dignan
Fixed Income Analyst (25 yrs)


Lucy Johns
Director of Fixed Income (22 yrs)


Adam Rubinson
Fixed Income Analyst (22 yrs)


Tony Brekke
Fixed Income Analyst (21 yrs)

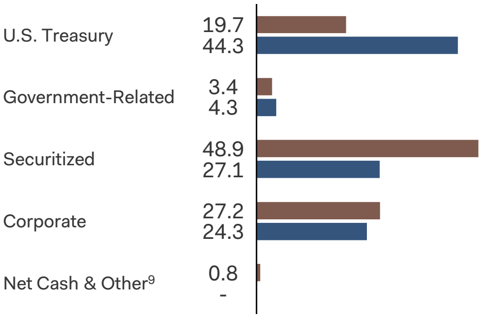

Nils Reuter
Trader, Fixed Income Analyst (21 yrs)


Mike Kiedel
Fixed Income Analyst (16 yrs)

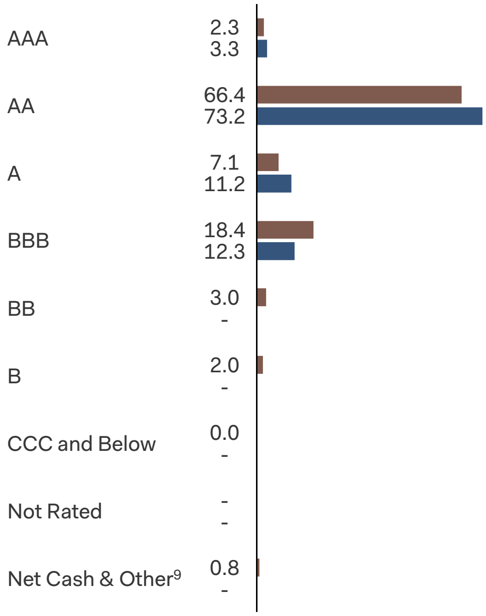
Portfolio Breakdown (% of Fund)

■ Fund ■ BBG U.S. Agg

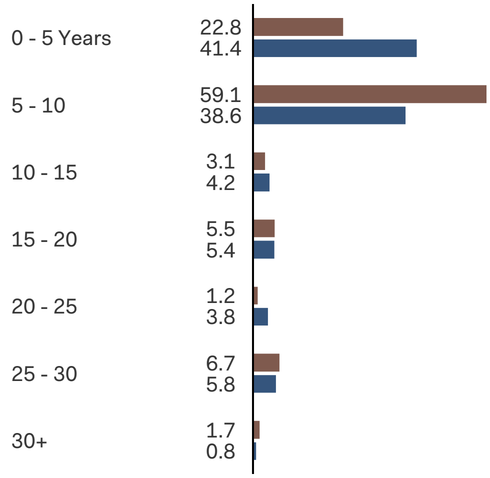
Sectors



Credit Quality[10]



Years To Maturity



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

	Fund
Petroleos Mexicanos	1.9
Charter Communications, Inc.	1.8
Prosus NV	1.5
Imperial Brands PLC	1.4
JPMorgan Chase & Co.	1.4
HSBC Holdings PLC	1.3
Ford Motor Credit Co. LLC	1.3
TC Energy Corp.	1.2
Bank of America Corp.	1.0
Wells Fargo & Co.	1.0

Portfolio Characteristics

	Fund	BBG U.S. Agg
Yield to Worst[12]	5.3%	4.9%
Effective Duration (years)[13]	6.3	6.1
Effective Maturity (years)	9.7	8.4
Number of Credit Issuers	59	1,005

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 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 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 Fund's 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 1.6% 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.

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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