Dodge & Cox®
Worldwide Funds

U.S. Stock Fund

MARKET COMMENTARY

U.S. equity markets rose during the fourth quarter of 2023 ending a standout year for stocks. The S&P 500 Index[1] was up 11.7% during the quarter and 26.3% for the year, driven by a resilient U.S. economy, easing inflation, and market optimism about the prospect of lower interest rates.

In 2023, the S&P 500's performance was led by the outsized returns of the "Magnificent Seven" stocks[2] and their respective sectors: Information Technology (Microsoft, Apple, and NVIDIA), Communication Services (Alphabet and Meta), and Consumer Discretionary (Amazon and Tesla). These seven stocks rose 76.2%,[3] increasing their share of the S&P 500's market capitalisation from 20% to 28% during the year. Utilities and Energy were the worst-performing sectors for the year, negatively impacted by rising interest rates and lower commodity prices, respectively.

In a reversal of 2022 trends, U.S. growth stocks outperformed value stocks[4] during the year, and the valuation disparity between value and growth stocks widened. The Russell 1000 Value Index[5] ended the year trading at 16.0 times forward earnings[6] versus 26.8 times for the Russell 1000 Growth Index.[7]

INVESTMENT STRATEGY

At Dodge & Cox, we focus on companies' long-term fundamentals, conduct independent research, and employ a rigorous price discipline. This approach led us to reduce the Fund's exposures to companies whose valuations rose throughout the year (such as Broadcom/VMware, Meta, and Alphabet) and increase exposures to companies in more defensive and stable sectors with lower valuations, such as Health Care and Utilities.[8]

The Fund remains overweight the Financials, Health Care, and Communication Services sectors compared to both the S&P 500 and the Russell 1000 Value. Sectors we are underweight include Consumer Staples, Materials, Utilities, and Real Estate. Below we discuss the Fund's recent activity in Financials and Health Care, the sectors with the largest weights in the portfolio.

Where We Stand on Financials

The Financials sector was a significant detractor from the Fund's relative results versus the S&P 500 for the full year. In the first half of 2023, three U.S. regional banks, which had significant concentrations of uninsured deposits and large unrealised losses on their balance sheets, came under pressure and eventually failed. Although the Fund had no exposure to those banks, their failures weighed on the broader Financials sector. As confidence in bank funding improved and the likelihood of future interest rate hikes diminished, the Financials sector recovered and was the largest contributor to the Fund's relative performance during the fourth quarter versus the S&P 500.

We revisited our investment theses for the Fund's Financials holdings and believe they are resilient and will remain profitable under various stressed scenarios. Our well-diversified portfolio is invested in global, systemically important banks that are subject to high regulatory capital standards (e.g., Bank of America, Wells Fargo) and capital markets institutions with relatively little credit risk exposure (e.g., Bank of New York Mellon, Charles Schwab, Goldman Sachs). Recent credit quality concerns have been concentrated in commercial real estate, especially the office real estate market. The Fund's exposure is limited, as office real estate is a small portion of the overall loan portfolios of these companies.

At Dodge & Cox, we seek to invest in companies whose current valuations reflect pessimistic views about future earnings and cash flow prospects, and where our analysis reveals the possibility of more positive developments. Financials is a good example of this. Although shares of many Financials companies were under pressure during 2023, we have a positive view on the long-term prospects for the Fund's holdings. Valuations are relatively low, and we believe their long-term earnings potential is underappreciated. We maintained the Fund's overweight position in the Financials sector and added to several positions, including Bank of America, Truist Financial, and Fidelity National Information Services.

Charles Schwab

Charles Schwab is a leading financial services company that provides securities brokerage, banking, money management, and financial advisory services to individuals and institutional clients. The company's ability to deliver services at a lower cost has enabled it to grow market share in attractive segments, fueling the company's long record of growing customer assets and earnings.

During the regional bank crisis in 2023, market concerns about Schwab's deposit outflows and the impact of unrealised securities losses on its balance sheet weighed on its stock price. Customers shifting cash out of deposit accounts into money-market funds led to higher funding costs, and proposed regulatory capital rules have reduced the potential for share repurchases over the near term. We believe these headwinds are transitory and were reflected in the stock's lower valuation. While the stock trailed the broader market in the first nine months of 2023, Schwab was a top contributor to the Fund's relative return versus the S&P 500 during the fourth quarter. In line with our valuation focus and long-term orientation, Schwab was a 4.2% position on 31 December.

Market Developments and Portfolio Actions in Health Care

The Health Care sector was another area that underperformed the major indices during 2023. Investor enthusiasm for Information Technology, artificial intelligence, and the Magnificent Seven dampened interest in more stable, defensive areas like Health Care. In addition, regulatory concerns weighed on the sector, and the increased use of GLP-1 inhibitors,[9] like Ozempic, have created uncertainty regarding potential shifts in demand for certain health care services and consumer-related products. We believe that the current environment presents challenges in the near term, but also has created attractive long-term opportunities, such as Baxter International and Cigna, for a value-oriented investor.

Baxter International

During the third quarter, we initiated a position in Baxter International, a leading medical supply firm. Baxter holds a large market share in its major markets but has faced considerable headwinds recently. Issues include inflationary cost pressures, the questionable acquisition of hospital bed company Hillrom (and the increase in debt related to the purchase), and concerns about GLP-1's potential to reduce demand for dialysis supplies. These factors contributed to a share price decline of more than 50% over the last two years.

Looking past these near-term headwinds, we think that the company has a strong underlying business and will be able to maintain stable growth, increase margins, and pay down its debt. Moreover, dialysis demand from chronic kidney patients is unlikely to drastically change over our three to five year investment horizon, despite GLP-1's potential to reduce obesity. Based on these factors, the company's valuation at 13.0 times forward earnings and dividend yield of 3.0% presented an attractive opportunity to start a position.

Cigna

Cigna is one of the largest and most diversified health care insurers and service providers in the United States. The company underperformed the market and its peers during 2023. There were concerns that the company could pursue a large acquisition and faces regulatory risks in its Pharmacy Benefit Management business. Regulatory changes may require Cigna to terminate certain business practices that are thought to contribute to higher drug prices for consumers, such as creating narrow networks for retail pharmacies or retaining profits from rebates and fees negotiated with drug manufacturers.

We evaluated the potential impacts of these regulatory changes on Cigna's earnings prospects and concluded that the decline in its stock price was overdone. The company continues to execute on its 10 to 13% long-term earnings growth[10] plans, while still generating significant cash flow that has led to a reduction in shares outstanding by 9% over the past two years, along with debt repayment. The recent share price decline provided an opportunity for us to add to an industry leader at a low valuation of 10.6 times forward earnings.

IN CLOSING

We continue to be optimistic about the long-term outlook for the Fund, which is diversified across a broad range of sectors and investment themes. We are also encouraged by the Fund's attractive valuation of 13.0 times forward earnings, compared to 20.4 and 16.0 times for the S&P 500 and the Russell 1000 Value, respectively. Thank you for your continued confidence in Dodge & Cox. As always, we welcome your comments and questions.

On behalf of the Board of Directors of Dodge & Cox,

Dana M. Emery

Dana M. Emery,
Chair and Chief Executive Officer, Dodge & Cox
1 February 2024

1. The S&P 500 Index is a market capitalisation-weighted index of 500 large-capitalisation stocks commonly used to represent the U.S. equity market.
2. The top seven contributors to the S&P 500's absolute returns (in USD) in 2023 were Microsoft, Apple, NVIDIA, Amazon, Alphabet, Meta Platforms, and Tesla.
3. Market capitalisation-weighted average return. (Market capitalisation is a measure of the security's size. It is the market price of a security multiplied by the number of shares outstanding.)
4. Generally, stocks that have lower valuations are considered "value" stocks, while those with higher valuations are considered "growth" stocks.
5. The Russell 1000 Value Index is a broad-based, unmanaged equity market index composed of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
6. Unless otherwise specified, all weightings and characteristics are as of 31 December 2023. Price-to-earnings (forward) 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.
7. The Russell 1000 Growth Index is a broad-based, unmanaged equity market index composed of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.
8. The use of specific examples does not imply that they are more or less attractive investments than the portfolio's other holdings.
9. GLP-1 inhibitors are a class of drugs used in patients with type-2 diabetes as glucose-lowering therapies. They also have additional benefits of weight loss and blood pressure reduction.
10. Earnings growth is the percentage change in a firm's earnings per share (EPS) in a period, as compared with the same period from the previous year. Long-term earnings growth is the forecasted annual change in a firm's earnings per share (EPS) over the next three-to-five-year period.

Dodge & Cox®
Worldwide Funds

U.S. Stock Fund

31 December 2023

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

Fund Inception
1 December 2010

Active Share[2]
83.1%

# of Companies
72

Portfolio Turnover[3]
15%
1/1/23 to 31/12/23

Details

Total Net Assets (billions)	$3.5
Distribution Frequency	Quarterly
Base Currency	U.S. Dollar
Structure	UCITS
Domicile	Ireland

Benchmark

Standard & Poor's 500 Index (S&P 500)

Risk Metrics (5 Years)

Beta[8,9]	1.05
Standard Deviation[8,10]	21.30

Investment Committee

Managed by the U.S. Equity Investment Committee whose members' average tenure at Dodge & Cox is 21 years.

Investment Objective

The U.S. Stock Fund seeks long-term growth of principal and income, with a secondary objective of seeking to achieve a reasonable current income.

Investment Approach[1]

The Fund offers investors a highly selective, actively managed core equity fund that invests in companies based on our analysis of long-term fundamentals relative to current valuations. Generally, we:

- Target a diversified portfolio of U.S. equity securities issued by medium-to-large, well-established companies that, in our opinion, appear to be temporarily undervalued by the stock market but have a favourable outlook for long-term growth.
- Also invest up to 10% of the portfolio in U.S. dollar-denominated securities of non-U.S. issuers traded in the United States that are not in the S&P 500 Index.
- Select individual securities based on our analyses of various factors—including a company's financial strength, economic condition, competitive advantage, quality of the business franchise, financially material environmental, social, and governance (ESG) issues, and the reputation, experience, and competence of its management—as weighed against valuation.

Share Classes

	Minimum Investment	Expense Ratio[4]	Historic Yield[5]	SEDOL	ISIN	Bloomberg
USD Accumulating Class	$50,000	0.63%	-	B520HN4	IE00B520HN47	DCUSSUA
USD Distributing Class	$50,000	0.63%	0.8%	BKT5YP8	IE00BKT5YP86	DCWUSUD
GBP Accumulating Class	£50,000	0.63%	-	B50M4X1	IE00B50M4X14	DCUSSGA
GBP Distributing Class	£50,000	0.63%	0.8%	B51BJD2	IE00B51BJD26	DCUSSGD
GBP Distributing Class (H)	£50,000	0.63%	0.8%	BYVQ3J4	IE00BYVQ3J47	DCUSGDH
EUR Accumulating Class	€50,000	0.63%	-	B50MWL5	IE00B50MWL50	DCUSSEA

Performance[6,7]

Total Returns (%)	Unannualised Returns		Average Annual Total Returns					
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
U.S. Stock Fund								
USD Accumulating Class	9.91	16.19	16.19	11.88	12.94	9.90	11.85	01/12/10
USD Distributing Class	9.94	16.22	16.22	11.87	-	-	14.54	02/03/20
GBP Accumulating Class	5.20	10.18	10.18	14.53	12.93	12.81	13.56	01/12/10
GBP Distributing Class	5.20	10.21	10.21	14.54	12.94	12.81	12.88	02/12/13
GBP Distributing Class (H)	9.70	15.48	15.48	10.61	11.12	-	8.62	03/01/17
EUR Accumulating Class	5.24	12.63	12.63	15.71	13.78	12.33	13.23	01/12/10
S&P 500 Index (in USD)	11.69	26.29	26.29	10.00	15.69	12.03	13.45	01/12/10

Returns represent past performance and do not guarantee future results. Investment return, costs and share price will fluctuate with market conditions and may be affected by currency fluctuations. 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. Visit the Fund's website at dodgeandcox.com for current month-end performance figures.

David Hoeft
CIO (30 yrs at Dodge & Cox)

Steve Voorhis
Director of Research (27 yrs)

Karol Marcin
Global Industry Analyst (23 yrs)

Phil Barret
Global Industry Analyst (19 yrs)

Karim Fakhry
Global Industry Analyst (18 yrs)

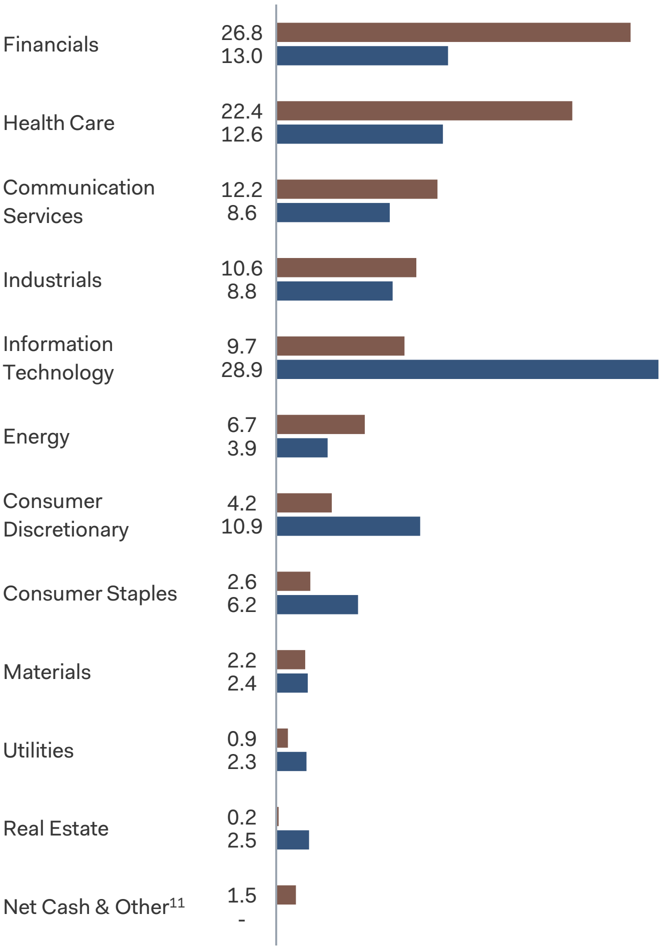
Katie McCarthy
Global Industry Analyst (16 yrs)

Ben Garosi
Global Industry Analyst (14 yrs)

Portfolio Breakdown (% of Fund)

Fund S&P 500

Sectors



Portfolio Characteristics

Portfolio Characteristics	Fund	S&P 500
Price-to-Earnings (forward)[12,13]	13.0x	20.4x
Price-to-Cash Flow[14]	9.5x	17.2x
Price-to-Sales[14]	1.5x	2.9x
Price-to-Book Value	2.2x	4.2x
Weighted Average Market Cap. (billions)[15]	$264	$728
Median Market Cap. (billions)[16]	$48	$34
Dividend Yield (trailing)[17]	1.9%	1.5%

Ten Largest Equity Positions (% of Fund)[18]

Ten Largest Equity Positions (% of Fund)[18]	Fund	S&P 500
The Charles Schwab Corp.	4.2	0.3
Wells Fargo & Co.	4.1	0.4
Alphabet, Inc.	4.0	3.8
Occidental Petroleum Corp.	3.7	0.1
MetLife, Inc.	3.2	0.1
Fiserv, Inc.	3.2	0.2
The Cigna Group	3.0	0.2
Microsoft Corp.	2.6	7.0
RTX Corp.	2.5	0.3
Charter Communications, Inc.	2.4	0.1

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.

1 Please see the Fund's Sustainable Finance Disclosures Regulation SFDR Disclosure available at dodgeandcox.com.
2 Active Share is a measure of how much an investment portfolio differs from its primary benchmark index, based on a scale of 0% (complete overlap with the index) to 100% (no overlap). Overlap for each security in the Fund is the lower of either its percentage weight in the Fund or its percentage weight in the relevant index. Active share is calculated as 100% minus the sum of the overlapping security weights.
3 Portfolio Turnover is calculated as the lesser of the portfolio purchases or sales divided by the average portfolio value for the period.
4 Dodge & Cox has voluntarily agreed to reimburse the Fund for all ordinary expenses to the extent necessary to limit aggregate annual ordinary expenses to 0.63% of the average daily net assets of each share class. Dodge & Cox may terminate or modify this agreement upon 30 days' notice to shareholders.
5 Historic yield reflects distributions declared over the past twelve months as a percentage of the current share price. Investors may be subject to tax on their distributions.
6 The Fund's total returns include dividends and interest income and reflect the deduction of expenses charged to the Fund. Index returns include dividends but, unlike Fund returns, do not reflect fees or expenses.
7 The Fund is actively managed and uses the benchmark index for performance comparison purposes only.
8 The data represents the USD Accumulating Share Class.
9 Beta is a measure of the volatility–or systematic risk–of a portfolio compared to the benchmark measured over a specified time period.
10 Standard Deviation measures the volatility of the Fund's returns. Higher Standard Deviation represents higher volatility.
11 Net Cash & Other includes cash, short-term investments, unrealised gain (loss) on derivatives, receivables, and payables.
12 The portfolio's Price-to-Earnings ratios exclude extraordinary items and negative earnings. Benchmark figures exclude extraordinary items and negative earnings.
13 Price-to-Earnings (forward) 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.
14 Portfolio calculation excludes Financials and Utilities.
15 This figure sums the product of each holding's company market capitalisation (market price multiplied by the number of shares outstanding) and weighting in the portfolio.
16 Median market capitalisation represents the midpoint of market capitalisation for all of the equity securities in the portfolio. Half of the securities will have a higher market capitalisation and half will have a lower market capitalisation. (Market capitalisation is a measure of the security's size. It is the market price of a security multiplied by the number of shares outstanding.)
17 Dividend yield is an indication of the income generated by the Fund's portfolio holdings. It represents a weighted average of the gross dividend yields for each holding.
18 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.

Figures represented by a dash are zero or have no associated data while figures represented by a zero may be rounded to zero.
The S&P 500 Index is a market capitalisation-weighted index of 500 large-capitalisation stocks commonly used to represent the U.S. equity market.