Dodge & Cox
Worldwide Funds

31 December 2019

U.S. Stock Fund

Objective

- The Fund seeks long-term growth of principal and income.

Strategy

- The Fund invests primarily in a diversified portfolio of U.S. equity securities. In selecting investments, the Fund 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.

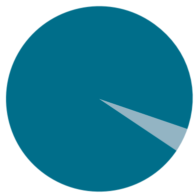
Risks

- 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

Total Net Assets	$3,099.4 million
Fund Inception Date	1 December 2010
Portfolio Turnover (1/1/19 to 31/12/19)[a]	14%
Number of Companies	63
Minimum Investment	$50,000, £50,000, or €50,000
Base Currency	U.S. Dollar
Structure	UCITS
Domicile	Ireland

Asset Allocation



Share Classes

Share Classes	Net Asset Value Per Share	Expense Ratio[b]	Historic Yield[c]	SEDOL	ISIN	Bloomberg
USD Accumulating Class	$29.24	0.63%	—	B520HN4	IE00B520HN47	DCUSSUA
GBP Accumulating Class	£34.35	0.63%	—	B50M4X1	IE00B50M4X14	DCUSSGA
GBP Distributing Class	£21.15	0.63%	0.9%	B51BJD2	IE00B51BJD26	DCUSSGD
GBP Distributing Class (H)	£12.56	0.63%	0.9%	BYVQ3J4	IE00BYVQ3J47	DCUSGDH
EUR Accumulating Class	€33.81	0.63%	—	B50MWL5	IE00B50MWL50	DCUSSEA

Portfolio Characteristics

Portfolio Characteristics	Fund	S&P 500
Median Market Capitalization (billions)	**$38**	$24
Weighted Average Market Capitalization (billions)	**$168**	$292
Price-to-Earnings Ratio[d]	**13.5x**	18.9x
Dividend Yield (trailing)[e]	**2.2%**	1.9%
Non-U.S. Securities not in the S&P 500[f]	**4.5%**	0.0%

Ten Largest Holdings (%)[g]

Ten Largest Holdings (%)	Fund
Charles Schwab Corp.	**3.8**
Wells Fargo & Co.	**3.7**
Alphabet, Inc.	**3.5**
Capital One Financial Corp.	**3.4**
Microsoft Corp.	**3.4**
Charter Communications, Inc.	**3.3**
FedEx Corp.	**3.3**
Bank of America Corp.	**3.3**
Comcast Corp.	**3.1**
Bristol-Myers Squibb Co.	**3.0**

Sector Diversification (%)

Sector Diversification (%)	Fund	S&P 500
Financials	**25.8**	13.0
Health Care	**18.6**	14.2
Information Technology	**15.9**	23.2
Communication Services	**12.4**	10.4
Energy	**10.0**	4.3
Industrials	**7.7**	9.1
Consumer Discretionary	**3.6**	9.8
Materials	**1.0**	2.7
Consumer Staples	**0.9**	7.2
Utilities	**0.0**	3.3
Real Estate	**0.0**	2.9

(a) Portfolio turnover is calculated as the lesser of portfolio purchases or sales divided by the average portfolio value.
(b) 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.
(c) 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.
(d) Price-to-earnings (P/E) ratios are calculated using 12-month forward earnings estimates from third-party sources.
(e) 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.
(f) Non-U.S. securities are U.S. dollar denominated.
(g) 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.
(h) Net Cash & Other includes cash, short-term investments, derivatives, receivables, and payables.

Average Annual Total Return[1]

For periods ended 31 December 2019	3 Months[a]	1 Year	3 Years	5 Years	Since Inception[b]
U.S. Stock Fund					
USD Accumulating Class	10.21%	24.16%	10.47%	9.34%	12.54%
GBP Accumulating Class	2.33	19.48	7.85	12.96	14.55
GBP Distributing Class	2.32	19.51	7.86	12.96	13.89
GBP Distributing Class (H)	9.67	21.77	8.64	N/A	8.64
EUR Accumulating Class	7.10	26.87	8.15	10.99	14.35
S&P 500 Index (USD)	9.07	31.49	15.27	11.70	14.07

(a) Returns for less than one year are not annualised.
(b) USD Accumulating Class, GBP Accumulating Class, and EUR Accumulating Class inception date is 1 December 2010. GBP Distributing Class inception date is 2 December 2013. GBP Distributing Class (H) inception date is 3 January 2017. The S&P 500 Index return is measured from 1 December 2010.

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. Visit the Fund's website at dodgeandcoxworldwide.com for current month-end performance figures.

The U.S. Stock Fund – USD Accumulating Class had a total return of 10.2% for the fourth quarter of 2019, compared to 9.1% for the S&P 500 Index. For 2019, the USD Accumulating Class had a total return of 24.2%, compared to 31.5% for the S&P 500.

Investment Commentary

The U.S. equity market's performance in 2019 was exceptional: the S&P 500 registered its strongest annual return (up 31%) since 2013 and reached an all-time high. Every sector of the S&P 500 posted positive, double-digit returns. Information Technology surged 50% and was the best-performing sector of the S&P 500, while Energy (up 12%) was the worst-performing sector.

Since 1926, the relative performance of growth and value stocks[2] has seesawed, but value strategies have nearly always outperformed growth over intervals of a decade or more. In fact, there have only been three times when value has underperformed over a ten-year period in the United States: the Great Depression (1929-1939/40), the Internet Bubble (1989-1999), and most recently. The Russell 1000 Value Index has underperformed the Russell 1000 Growth Index by an average of 3.4 percentage points[3] per year over the last 10 years. As a result, the valuation differential between value and growth stocks remains wide by historical standards: the Russell 1000 Value trades at 16.0 times forward earnings compared to a lofty 23.9 times for the Russell 1000 Growth[4].

While the value-versus-growth dynamic captures much of what has driven wide valuation disparities, interest rates tell an even more powerful story. In the United States, the group of companies that benefits from low interest rates is trading at an 80% premium to the group of companies that is harmed by low interest rates (performs better in a rising interest rate environment). And that spread is almost three standard deviations wide on a 24-year span of time.

Historically, these two groups of stocks have traded roughly in the same valuation range. Post 2010, however, the two groups' valuations diverged as investors sought "bond substitutes"—mainly in the Utilities, Real Estate, and Consumer Staples sectors—with higher dividend yields in a lower interest rate environment. The Fund holds no utilities or real estate companies and has only one holding in Consumer Staples because we believe company valuations in these sectors are inflated.

Conversely, companies that benefit from rising rates—Financials, Energy, and some Industrials—are almost all categorised as value stocks and are now selling at extraordinary discounts relative to the market. As a value-oriented investor, we continue to identify investment opportunities, and the portfolio remains overweight Financials (25.8% of the portfolio versus 13.0% of the S&P 500) and Energy (10.0% versus 4.3%).

During 2019, we leaned further into Energy as valuations became more attractive. Energy companies have suffered from lower and more volatile oil prices, which reduced cash flows at many companies and made it more difficult to invest in new projects. There are also long-term concerns about oil and gas demand as the threat of climate change necessitates a transition to less carbon-intensive alternatives. However, we believe the valuations of the Fund's energy holdings provide an attractive starting point and more than compensate for these risks. For example, we recently initiated a position in Hess, an independent oil and gas exploration and production company, that is investing its strong cash flows from existing assets into a new project with significant economic potential in Guyana[5]. The Guyana oil discovery is one of the largest in recent decades. Higher incremental returns from this investment should result in attractive free cash flow growth over the next several years.

Overall, we remain optimistic about the long-term outlook for the Fund, which trades at a meaningful discount to the overall market: 13.5 times forward earnings compared to 18.9 times for the S&P 500. Patience, persistence, and a long-term investment horizon are essential to long-term investment success. We encourage our shareholders to take a similar view. Thank you for your continued confidence in Dodge & Cox.

Fourth Quarter Performance Review

The USD Accumulating Class outperformed the S&P 500 by 1.1 percentage points during the quarter.

Key Contributors to Relative Results

- The Fund benefitted from an overweight position and higher returns in the Health Care sector (holdings up 20% compared to up 14% for the S&P 500 sector). Top contributors were Cigna, Bristol-Myers Squibb, and UnitedHealth Group.
- The Financials sector was strong for both the Fund and the Index (up 12% and up 10%, respectively); the Fund's overweight position (average 27%, roughly double the Index weight) helped. Top contributors were Bank of America and Charles Schwab.
- Results were helped by the Fund's low exposure to the three weakest sectors of the Index, with no holdings in Real Estate or Utilities, and an underweight position in Consumer Staples.
- Charter Communications and Halliburton were also significant contributors.

Key Detractors from Relative Results

- The most significant detractor was stock selection in Information Technology, one of the strongest sectors of the Index (up 7% compared to up 14% for the S&P 500 sector). Underperformance was due to not owning a few of the large, standout performers that boosted S&P 500 returns (mainly Apple); and, to a lesser extent, weak returns from holdings, including Dell Technologies.
- Other detractors included Occidental Petroleum, Johnson Controls International, Comcast, FedEx, and Molson Coors.

2019 Performance Review

The USD Accumulating Class underperformed the S&P 500 by 7.3 percentage points in 2019.

Key Detractors from Relative Results

- The return for the S&P 500 was led by Information Technology, which rose 50% in 2019. The Fund's holdings, while up 28%, trailed significantly. The main driver was not owning a few of the large, exceptional performers that boosted the S&P 500 sector, especially Apple. Weak performance from holdings, including HP Inc. and Juniper Networks, was also a factor.
- The Fund's relative returns in the Consumer Discretionary sector lagged substantially (down 4% compared to up 28% for the S&P 500 sector), due to poor performance by Qurate Retail and Gap, Inc.
- The Fund was overweight (average 10% versus 5%) in the Energy sector (up 12% for both the Fund and the S&P 500 sector), which was the weakest sector of the index by a considerable margin. Occidental Petroleum and Apache were the main detractors.
- Other key detractors included FedEx, Bank of New York Mellon, and Cigna.

Key Contributors to Relative Results

- In the Media industry, the Fund was overweight (average 10% versus 1%) and outperformed (holdings up 45% compared to up 36% for the S&P 500 industry). Charter Communications contributed significantly.
- Other contributors included Anadarko Petroleum, Microchip Technology, and Bank of America, and not owning Pfizer, Berkshire Hathaway, and Exxon Mobil.

1 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. 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. All returns are stated in U.S. dollars unless otherwise noted.

2 Value stocks are the lower valuation portion of the equity market and growth stocks are the higher valuation portion.

3 The Russell 1000 Growth Index had a total return of 312.3% from 31 December 2009 through 31 December 2019 compared to 204.9% for the Russell 1000 Value.

4 Unless otherwise specified, all weightings and characteristics are as of 31 December 2019.

5 Hess is a 30% partner with Exxon Mobile in the Stabroek block in Guyana.