



DODGE & COX® WORLDWIDE FUNDS PLC

An umbrella fund with segregated liability between sub-funds

# Annual Report

For the year ended 31 December 2017

Dodge & Cox Worldwide Funds plc—  
Global Stock Fund  
International Stock Fund  
U.S. Stock Fund  
Global Bond Fund

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This annual report may be translated into other languages. Any such translation shall be a direct translation of the English text. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in the translation, the English text will prevail. Any disputes as to the terms thereof shall be governed by, and construed in accordance with, the law of Ireland.

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## BACKGROUND TO THE COMPANY

Dodge & Cox Worldwide Funds plc (the “Company”) was incorporated in Ireland on 25 September 2009 as a public limited company and is operating under the Companies Act 2014, as amended (the “Companies Act”). Unless otherwise provided for in this report, all capitalised terms shall have the same meaning herein as in the prospectus of the Company dated 1 September 2017 (the “Prospectus”).

The Company is an open-ended investment company with variable capital and is authorised and regulated by the Central Bank of Ireland (the “Central Bank”) under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the “UCITS Regulations”). The Company is organised in the form of an umbrella fund with segregated liability between sub-funds and currently has four constituent sub-funds (each a “Fund” and collectively the “Funds”), namely:

<b>FUND NAME AND ACTIVE SHARE CLASSES</b>	<b>COMMENCEMENT OF OPERATIONS</b>
Dodge & Cox Worldwide Funds plc – Global Stock Fund (“Global Stock Fund”)	
USD Accumulating Class	1 December 2009
GBP Accumulating Class	1 December 2009
GBP Distributing Class	13 February 2013
GBP Distributing Class (H)*	3 January 2017
EUR Accumulating Class	1 December 2009
CAD Accumulating Class	1 October 2010
Dodge & Cox Worldwide Funds plc – International Stock Fund (“International Stock Fund”)	
USD Accumulating Class	10 September 2010
EUR Accumulating Class	1 March 2011
Dodge & Cox Worldwide Funds plc – U.S. Stock Fund (“U.S. Stock Fund”)	
USD Accumulating Class	1 December 2010
GBP Accumulating Class	1 December 2010
GBP Distributing Class	2 December 2013
GBP Distributing Class (H)*	3 January 2017
EUR Accumulating Class	1 December 2010
Dodge & Cox Worldwide Funds plc – Global Bond Fund (“Global Bond Fund”)	
USD Accumulating Class	1 May 2014
GBP Distributing Class	1 May 2014
GBP Distributing Class (H)*	1 May 2014
EUR Accumulating Class	1 May 2014
EUR Accumulating Class (H)*	1 May 2014
EUR Distributing Class	1 May 2014
EUR Distributing Class (H)*	1 May 2014

\* “(H)” denotes hedged share class

## INVESTMENT OBJECTIVES AND POLICIES

The Company provides investors with a choice of Funds. Each Fund aims to achieve its investment objective, as set out below, while spreading investment risks through investment in transferable securities, liquid financial assets, and other permitted investments in accordance with the UCITS Regulations.

### **Global Stock Fund**

The Fund’s objective is to provide shareholders with an opportunity for long-term growth of principal and income. The Fund seeks to achieve its objective by investing primarily in a diversified portfolio of equity securities issued by companies from at least three different countries located anywhere in the world, which may include Emerging Market Countries.

### **International Stock Fund**

The Fund’s objective is to provide shareholders with an opportunity for long-term growth of principal and income. The Fund seeks to achieve its objective by investing primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different non-U.S. countries located anywhere in the world, which may include Emerging Market Countries.

### **U.S. Stock Fund**

The Fund’s primary objective is to provide shareholders with an opportunity for long-term growth of principal and income. A secondary objective is to seek to achieve a reasonable current income. The Fund seeks to achieve its objective by investing primarily in a diversified portfolio of U.S. equity securities.

### **Global Bond Fund**

The Fund’s objective is to provide shareholders with a high rate of total return, consistent with long-term preservation of capital. The Fund seeks to achieve its objective by investing in a diversified portfolio of bonds and other debt instruments of issuers from at least three different countries located anywhere in the world, which may include Emerging Markets Countries.

Full details of the investment objectives and policies of the Global Stock Fund, International Stock Fund, U.S. Stock Fund, and Global Bond Fund are set out in the Prospectus.

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## DIRECTORS' REPORT

The directors of the Company (the "Directors", together the "Board of Directors") present herewith their report together with the audited financial statements for the year ended 31 December 2017.

### DIRECTORS

The name and nationality of persons who were Directors during the year ended 31 December 2017 are:

Donal A. Byrne (Irish) (independent)  
Toby E. Goold (English)<sup>1</sup>  
Thomas M. Mistele (American)<sup>2</sup>  
Christophe Y. Orly (French)<sup>3</sup>  
Rosemary E. Quinlan (Irish) (independent)  
Frances P. Ruane (Irish) (independent)<sup>2</sup>  
Diana S. Strandberg (American)  
William W. Strickland (American)<sup>3</sup>  
Steven C. Voorhis (American)

<sup>1</sup> Toby E. Goold served as a director of the Company until his passing on 17 February 2017.

<sup>2</sup> Thomas M. Mistele and Frances P. Ruane resigned as directors of the Company with effect from 31 December 2017.

<sup>3</sup> Christophe Y. Orly was appointed as a director of the Company with effect from 31 May 2017. William W. Strickland was appointed as a director of the Company with effect from 15 December 2017.

### DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

At 31 December 2017, the following Directors held shares (all USD Accumulating Class Shares) in the Funds: Diana S. Strandberg held 500,000 (2016: 500,000) shares in the Global Stock Fund and 697,018 (2016: 697,018) shares in the U.S. Stock Fund, and Thomas M. Mistele held 100,000 (2016: 100,000) shares in the Global Stock Fund and 199,404 (2016: 199,404) shares in the U.S. Stock Fund. The secretary had no interest in the shares of the Funds.

### DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the directors' report and the financial statements in accordance with applicable Irish law.

Irish company law requires the Directors to prepare the financial statements for each financial year that give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Company for the financial year. The Directors have prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Under Irish company law, the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Company for the financial year.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that adequate accounting records are kept that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the requirements of the Companies Act and enable those financial statements to be audited.

To achieve this, the Directors have appointed an experienced administrator, State Street Fund Services (Ireland) Limited (the "Administrator"), to maintain the accounting records of the Company and perform additional administrative duties.

The Directors are also responsible for safeguarding the assets of the Company. In fulfillment of this responsibility, they have appointed State Street Custodial Services (Ireland) Limited (the "Depositary") to safekeep the Company's assets in accordance with the constitution of the Company (the "Constitution"). In addition, the Directors are responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the financial statements included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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## DIRECTORS' REPORT

### DIRECTORS' COMPLIANCE STATEMENT

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act). As required by Section 225(2) of the Companies Act, the Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations. The Directors have drawn up a compliance policy statement as defined in Section 225(3)(a) of the Companies Act and a compliance policy which refers to the arrangements and structures that are in place and which are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations. These arrangements and structures were reviewed by the Company during the financial year. In discharging their responsibilities under Section 225, the Directors relied upon, among other things, the services provided, advice and/or representations from third parties whom the Directors believe have the requisite knowledge and experience in order to secure material compliance with the Company's relevant obligations.

### CORPORATE GOVERNANCE CODE

The Board of Directors assessed all measures included in the Irish Funds (formerly the Irish Funds Industry Association) voluntary Corporate Governance Code for Collective Investment Schemes and Management Companies published in December 2011 (the "Code"). The Board of Directors has adopted all corporate governance practices and procedures in the Code, which can be obtained at: <http://www.irishfunds.ie>.

### AUDIT COMMITTEE

The Board of Directors decided it was not necessary to constitute an audit committee given the frequency of the meetings of the Board of Directors throughout the year and the size of the Board of Directors.

### RELEVANT AUDIT INFORMATION

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### RISKS

An analysis of principal risks facing the Company is included in Note 13 to the financial statements.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

A review of each Fund's performance can be found in the Investment Manager's Report.

### RESULTS AND DISTRIBUTIONS

The results of operations and distributions for the year are set out in the Statement of Comprehensive Income, and the Company's distribution policy is set forth in Note 14 to the financial statements.

### SIGNIFICANT EVENTS SINCE YEAR END

The details of any significant events affecting the Company since the year end are set forth in Note 16 to the financial statements.

### ACCOUNTING RECORDS

To ensure that adequate accounting records are kept, the Directors have employed the Administrator to serve as administrator, registrar, and transfer agent to the Company. The accounting records are located at the offices of the Administrator at 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

### INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

### DEALINGS WITH CONNECTED PARTIES

Regulation 41(1) of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as amended (the "Central Bank UCITS Regulations") states that "a responsible person shall ensure that any transaction between a UCITS and a connected person is (a) conducted at arm's length; and (b) in the best interests of the unit-holders of the UCITS".

As required under Regulation 78(4) of the Central Bank UCITS Regulations, the Board of Directors is satisfied that (a) there are in place arrangements, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 41(1) are applied to all transactions with connected parties; and (b) all transactions with connected parties that were entered into during the year complied with the obligations that are prescribed by Regulation 41(1).

On behalf of the Board of Directors

/s/ William W. Strickland

/s/ Rosemary E. Quinlan

21 March 2018

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## INDEPENDENT AUDITORS' REPORT

To the members of Dodge & Cox Worldwide Funds plc

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

In our opinion, Dodge & Cox Worldwide Funds plc's financial statements:

- give a true and fair view of the Company's and Funds' assets, liabilities and financial position as at 31 December 2017 and of their results and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

We have audited the financial statements, included within the Annual Report, which comprise:

- the Statement of Financial Position as at 31 December 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Net Assets attributable to Redeemable Shareholders for the year then ended;
- the Portfolio of Investments for each of the Funds as at 31 December 2017; and
- the notes to the financial statements for the Company and for each of its Funds, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's and Funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's and Funds' ability to continue as going concerns.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

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## INDEPENDENT AUDITORS' REPORT

To the members of Dodge & Cox Worldwide Funds plc

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and Funds' ability to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at: [https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### OTHER REQUIRED REPORTING

#### **Companies Act 2014 opinions on other matters**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

#### **Companies Act 2014 exception reporting**

##### *Directors' remuneration and transactions*

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Jonathan O'Connell  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
21 March 2018

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## DEPOSITARY REPORT

We have enquired into the conduct of Dodge & Cox Worldwide Funds plc (the “Company”), for the year from 1 January 2017 to 31 December 2017, in our capacity as depositary to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with Regulation 34, (1), (3) and (4) in Part 5 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the “UCITS Regulations”), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### RESPONSIBILITIES OF THE DEPOSITARY

Our duties and responsibilities are outlined in Regulation 34, (1), (3) and (4) in Part 5 of the UCITS Regulations. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company’s constitution (the “Constitution”) and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Depositary must state why this is the case and outline the steps which we have taken to rectify the situation.

### BASIS OF DEPOSITARY OPINION

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Regulation 34, (1), (3) and (4) in Part 5 of the UCITS Regulations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of the Constitution and the UCITS Regulations and (ii) otherwise in accordance with the Constitution and the UCITS Regulations.

### OPINION

In our opinion, the Company has been managed during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Constitution, the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as amended (the “Central Bank UCITS Regulations”); and
- (ii) otherwise in accordance with the provisions of the Constitution, the UCITS Regulations and the Central Bank UCITS Regulations.

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson’s Quay  
Dublin 2  
Ireland  
21 March 2018

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## INVESTMENT MANAGER'S REPORT

### GLOBAL STOCK FUND

#### MARKET COMMENTARY

Global equity markets continued to rise during the fourth quarter and had exceptionally strong performance in 2017. For the year, the MSCI Emerging Markets Index was up 37% and the MSCI EAFE Index increased 25%<sup>(a)</sup>. The S&P 500 Index reached an all-time high in mid-December and ended 2017 up nearly 22%.

Over the past decade, U.S. equity markets largely outperformed international markets because of higher U.S. corporate earnings growth and valuation expansion. In addition, headwinds from a strong U.S. dollar reduced international returns as measured in U.S. dollars. This trend reversed during 2017 as international equities outperformed U.S. markets. International equities benefited recently from increased earnings growth and a weaker U.S. dollar.

During 2017, U.S. growth stocks (the higher valuation portion of the equity market) outperformed value stocks (the lower valuation portion) by 17 percentage points overall<sup>(b)</sup>. Companies in sectors and industries associated with technology (e.g., Information Technology, Internet Retail, Media) led the market. The "FAANG" growth stocks—Facebook, Amazon, Apple, Netflix, and Google—were particularly strong, accounting for 20% of the S&P 500's total return. The outperformance of these growth stocks had a negative impact on the Fund's relative results.

#### INVESTMENT STRATEGY: FINDING OPPORTUNITIES IN HEALTH CARE AND ENERGY

At Dodge & Cox, our strong price discipline is an essential component of our investment strategy. Investment returns hinge on the purchase price: a good company is not always a good investment if the starting valuation is too high. We seek to invest in companies with valuations that do not fully reflect prospects for the company and where our analysis suggests the possibility of more positive developments. We constantly weigh valuation against company fundamentals and re-evaluate our thinking as prices change.

In response to diverging valuations, we made a number of gradual portfolio adjustments during 2017. We trimmed selected Information Technology, Media, and Financials holdings that had performed well. One of the Fund's largest sales was DXC Technology, the company formed through the merger of Hewlett Packard Enterprise's services division and Computer Sciences Corporation. As a result of the Fund's investment in Hewlett Packard Enterprise, the Fund received DXC shares in April 2017, and the stock performed strongly. While the CEO has an impressive track record of shareholder value creation, management's three-year plan embedded high expectations for margin expansion and earnings growth. We questioned whether these targets, even if achieved, would be sustainable over the long term. These concerns, combined with DXC's higher valuation, led us to sell the stock (up 27% over the holding period). We reinvested most of the proceeds into the Health Care and Energy sectors, where we found more attractive valuations.

#### Health Care

Pharmaceutical companies, which comprise the majority of the investable Health Care sector, are an attractive area of the global market at 16 times forward earnings<sup>(c)</sup>. Many of these companies are stable businesses with strong balance sheets and growth potential from both new discoveries and expansion into emerging markets. In comparison, Consumer Staples, a large underweight for the Fund, shares some similar characteristics yet trades at 20 times forward earnings.

The Pharmaceuticals industry does face some challenges. For many companies, the United States is the largest market by revenue and earnings. As a result of industry consolidation and higher market shares, pharmacy benefit managers continue to exert increased pricing pressure on drug manufacturers. On the other hand, FDA approvals of new drugs are on the upswing. During 2017, we initiated new positions in GlaxoSmithKline, Eli Lilly, and Medtronic, and added to other Health Care holdings<sup>(d)</sup>. At year end, Health Care represented 19.7% of the Fund, compared to 11.7% for the MSCI World.

#### *GlaxoSmithKline*

The Fund recently re-established a position in GlaxoSmithKline, after selling it in 2015. Based in the United Kingdom, the company has leading therapeutic franchises in respiratory care and HIV. In addition to its traditional pharmaceuticals business, the company is diversified through strong and growing businesses in vaccines and over-the-counter consumer health.

In 2015, we sold GlaxoSmithKline based on market headwinds and a higher valuation. The company's pharmaceuticals business was suffering from pricing pressure on a key respiratory drug, Advair, and the pipeline of new drug launches was weak. The valuation, at 20 times forward earnings, was relatively expensive and did not sufficiently compensate for the risks. Some of those risks, including continued weakness in Advair sales, materialised, and the valuation declined after we sold the position.

In the second half of 2017, however, we built a position in GlaxoSmithKline again, based on a more favourable fundamental long-term outlook and a lower valuation (12 times forward earnings). In the respiratory care division, declines in Advair sales should be offset by new drugs, aided by a new inhaler. The HIV segment is growing at healthy rates due to increased adoption of Dolutegravir, a drug that blocks an enzyme needed for HIV to replicate. Combined with continued growth in vaccines and consumer health, the company should achieve modest earnings growth. Meanwhile, the management team has also been revamped. The new CEO is focusing on renewing the pharmaceutical pipeline and has brought in a well-regarded head of research and development (R&D) to lead that effort. Improvements in the drug pipeline will take time to manifest, but in the meantime, the company continues to generate stable cash flow and has an attractive 6% dividend yield. On 31 December, GlaxoSmithKline was a 1.9% position in the Fund.

#### *Eli Lilly*

During the second quarter of 2017, we initiated a position in Eli Lilly, a leading drug company focused on branded pharmaceuticals and animal health products. As the only pharmaceutical company with a presence across all major drug classes in the diabetes field, it has an advantage in contracting and marketing products. Until recently, Eli Lilly was losing market share

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## INVESTMENT MANAGER'S REPORT GLOBAL STOCK FUND

to Novo Nordisk and Sanofi in the key area of diabetes classes, given its smaller emerging market footprint and lack of a basal insulin therapy. This trend reversed as Eli Lilly launched several new diabetes products during the last few years, and the company is now gaining share in most therapeutic areas within diabetes. Eli Lilly's partnership with Boehringer Ingelheim, where costs and profits are shared 50/50, has been important in rejuvenating its diabetes portfolio.

After weathering two recent patent expirations, Eli Lilly is entering what could be an extended period of growth. The company's four new drugs should each generate over \$1 billion in annual sales. All of these recent product approvals have found commercial success and are driving future sales growth. If revenue grows as we expect, margins should improve significantly and boost earnings growth. The company has consistently had one of the better R&D groups in the Pharmaceuticals industry due to its stable organisation, thoughtful leadership, and high funding.

Most importantly, the company's newly appointed CEO leads a competent management team that appears to be well aligned with the interests of long-term shareholders and capable of navigating competitive and regulatory risks. Eli Lilly was a 1.2% position in the portfolio on 31 December.

### Energy

As the worst-performing sector (up 5%) of the MSCI World during 2017, we believe Energy is an increasingly attractive area of the market. Global supply and demand fundamentals are supportive of higher oil prices. Demand growth in the developing world continues to be healthy, and the dearth of investment in new supply over the past few years should lead to a tighter balance. We conduct ongoing research to test our investment thesis and recently met with industry executives and experts in Houston and the Middle East. Our trips reaffirmed that development costs in U.S. shale oil are rising with more activity and that other global sources of new supply are likely needed to satisfy demand. Our research also reinforced the importance of investing in oil producers with assets on the low end of the cost curve and management teams that are investing counter-cyclically.

The Fund remains modestly overweight the Energy sector—7.5% compared to 6.3% for the MSCI World—with growing exposure to exploration and production (E&P) companies. Given attractive valuations, we initiated positions in Suncor Energy (discussed below) and Occidental Petroleum (a multinational petroleum and natural gas E&P company), and added to other Energy holdings, including Anadarko Petroleum (a leading global E&P company with strong operational capabilities).

### Suncor Energy

Suncor, a 1.7% position, is an integrated Canadian oil producer with most of its production coming from mining oil sands. Oil sands require large upfront capital expenditures but can produce for decades at relatively low ongoing costs. Suncor's assets generate free cash flow across a wide range of oil prices. These characteristics, along with Suncor's strong balance sheet, provide the company staying power through the oil cycle. In addition, Suncor's management has a track record of counter-cyclical capital allocation. When oil prices were high, management was disciplined and returned capital to shareholders through dividends and share buybacks. When oil prices declined, management opportunistically increased its ownership stake in a major oil sands asset called Syncrude. We view the company as offering a compelling combination of growth, resilience, and return of capital to shareholders.

### IN CLOSING

The valuation differential between U.S. equities and international markets continues to be wide. At year end, the MSCI EAFE traded at 15 times forward estimated earnings and the MSCI Emerging Markets traded at 13 times, compared to 20 times for the S&P 500. Hence, on a bottom-up basis, the Fund is overweight international equities relative to the MSCI World. Overall, we remain optimistic about the long-term outlook for the portfolio and see attractive earnings prospects for companies in the Fund.

As an active, value-oriented manager, we believe the valuation disparities that characterise the current market offer significant opportunities. Our fundamental, bottom-up, price-disciplined investment approach requires conviction and patience. Accordingly, maintaining a long-term investment horizon and staying the course are essential.

Thank you for your continued confidence in our firm. As always, we welcome your comments and questions.

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



Charles F. Pohl,  
Chairman and  
Chief Investment Officer, Dodge & Cox



Dana M. Emery,  
President and  
Chief Executive Officer, Dodge & Cox

1 February 2018

(a) All returns are stated in U.S. dollars unless otherwise noted.

(b) The Russell 1000 Growth Index had a total return of 30.2% compared to 13.7% for the Russell 1000 Value Index during 2017.

(c) Unless otherwise specified, all weightings and characteristics are as of 31 December 2017.

(d) The use of specific examples does not imply that they are more or less attractive investments than the Fund's other holdings.

## INVESTMENT MANAGER'S REPORT GLOBAL STOCK FUND

### AVERAGE ANNUAL TOTAL RETURN

For periods ended 31 December 2017	1 Year %	3 Years %	5 Years %	Since Inception % <sup>1</sup>
Global Stock Fund				
USD Accumulating Class	21.45	9.11	12.94	10.26
GBP Accumulating Class	10.82	14.46	17.20	12.99
GBP Distributing Class	10.82	14.44	n/a	15.33
GBP Distributing Class (H)	19.93	n/a	n/a	19.93
EUR Accumulating Class	6.49	9.41	15.11	13.37
CAD Accumulating Class	14.01	12.10	18.40	14.17
MSCI World Index (USD)	22.40	9.26	11.64	9.99

<sup>1</sup> USD Accumulating Class, GBP Accumulating Class, and EUR Accumulating Class inception date is 1 December 2009. GBP Distributing Class inception date is 13 February 2013. GBP Distributing Class (H) inception date is 3 January 2017. CAD Accumulating Class inception date is 1 October 2010. The MSCI World Index return is measured from 1 December 2009.

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](http://dodgeandcoxworldwide.com) for current month-end performance figures.

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 MSCI World Index is a broad-based, unmanaged equity market index aggregated from 23 developed market country indices, including the United States and Canada. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI. MSCI World is a service mark of MSCI Barra.

### 2017 PERFORMANCE REVIEW

The USD Accumulating Class underperformed the MSCI World by 1.0 percentage points in 2017.

#### Key Detractors from Relative Results

- The Fund's holdings in the Energy sector (down 10% compared to up 5% for the MSCI World sector) had a negative impact. Apache (down 32%) and Anadarko (down 23%) were notable detractors.
- Relative returns from holdings in the Industrials sector (up 20% compared to up 25% for the MSCI World sector), combined with the Fund's average underweight position (5% versus 11%), also detracted from results.
- Additional detractors included Altice (down 47%), Magnit (down 34% since date of purchase), and Sprint (down 30%).

#### Key Contributors to Relative Results

- Relative returns from the Fund's holdings in the Health Care sector (up 25% compared to up 20% for the MSCI World sector) contributed significantly to results. Alnylam Pharmaceuticals (up 239%) and Cigna (up 52%) were especially helpful.
- Relative returns in the Financials sector (up 25% compared to up 23% for the MSCI World sector) aided performance. Kasikornbank (up 51%) and ICICI Bank (up 45%) were strong performers.
- Strong returns from the Fund's holdings in emerging markets (up 41%) had a positive impact. Key contributors included Naspers (up 90%), Samsung Electronics (up 67%), JD.com (up 63%), as well as several names already listed above.
- Millicom International (up 64%) was an additional contributor.

**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. Additional risks may arise due to economic and political developments in the countries and regions where portfolio companies operate; these risks may be increased when investing in emerging markets. The Fund is also subject to currency risk. Please read the prospectus and key investor information documents for specific details regarding the Fund's risk profile.

### ADDITIONAL REPORTING

For further review of the Fund's performance and long-term investment strategy, please visit [dodgeandcoxworldwide.com](http://dodgeandcoxworldwide.com).

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## INVESTMENT MANAGER'S REPORT INTERNATIONAL STOCK FUND

### MARKET COMMENTARY

Global equity markets delivered exceptionally strong performance in 2017. Every sector of the MSCI EAFE posted double-digit positive returns. Information Technology (up 39%) and Materials (up 34%) were the best-performing sectors of the MSCI EAFE, while the worst performers—Telecommunication Services (up 13%) and Health Care (up 17%)—still registered substantial gains<sup>(a)</sup>.

Over the past decade, U.S. equity markets largely outperformed international markets because of higher U.S. corporate earnings growth, valuation expansion, and U.S. dollar appreciation that diminished international returns as measured in U.S. dollars. However, this trend reversed in 2017, as international equities outperformed U.S. markets: the MSCI Emerging Markets Index was up 37% and the MSCI EAFE increased 25%, while the S&P 500 Index rose nearly 22%. International equities benefited recently from increased earnings growth and a weaker U.S. dollar.

The valuation differential between U.S. equities and international markets continues to be wide. At year end, the MSCI EAFE traded at 15 times forward estimated earnings and the MSCI Emerging Markets traded at 13 times, compared to 20 times for the S&P 500<sup>(b)</sup>.

### INVESTMENT STRATEGY: FINDING OPPORTUNITIES IN HEALTH CARE AND ENERGY

Dodge & Cox employs a long-term, valuation-oriented investment approach. We analyse each company using a three- to five-year time horizon. We concentrate our research on how a company's fundamentals—the strength of the business franchise, its growth prospects, competitive positioning, and earnings power—could evolve over time. We then compare those fundamentals to the current valuation to identify potential price disparities.

Experience has taught us that share prices fluctuate more in the short term than underlying fundamentals. Those fluctuations provide us the opportunity to buy, sell, and adjust individual portfolio holdings. During 2017, we shifted away from areas of the market that performed very well and where valuations expanded, trimming selected holdings in the Financials and Information Technology sectors, as well as in Japan. We also reduced the Fund's weighting in Chinese internet holdings, which were highlighted in our last letter for their excellent growth prospects. Our view of their fundamentals has not changed, but rising valuations led us to trim Tencent (through Naspers), JD.com, and Baidu; in addition, we sold 58.com<sup>(c)</sup>. We reinvested most of the proceeds into the Health Care and Energy sectors, where valuations are more appealing.

#### Health Care

Pharmaceutical companies, which comprise the majority of the investable Health Care sector, are an attractive area of the international market at 16 times forward earnings. Many of these companies are stable businesses with strong balance sheets and have growth potential from both new discoveries and expansion into emerging markets. In comparison, Consumer Staples, a large underweight for the Fund, has some similar characteristics yet trades at 20 times forward earnings.

The Pharmaceuticals industry does face some challenges. For many companies, the United States is the largest market by revenue and earnings. As a result of industry consolidation and higher market shares, U.S. pharmacy benefit managers continue to exert increased pricing pressure on drug manufacturers. We have incorporated these risks into our analysis, but we believe current valuations help mitigate the downside potential of these investments. During 2017, we initiated a new position in GlaxoSmithKline and added to selected Health Care holdings, including AstraZeneca and Bayer. At year end, Health Care represented 16.0% of the Fund, compared to 10.1% for the MSCI EAFE.

#### GlaxoSmithKline

The Fund recently re-established a position in GlaxoSmithKline, after selling it in 2015. Based in the United Kingdom, the company has leading therapeutic franchises in respiratory care and HIV. In addition to its traditional pharmaceuticals business, the company is diversified through strong and growing businesses in vaccines and over-the-counter consumer health.

In 2015, we sold GlaxoSmithKline based on market headwinds and a higher valuation. The company's pharmaceuticals business was suffering from pricing pressure on a key respiratory drug, Advair, and the pipeline of new drug launches was weak. The valuation, at 20 times forward earnings, was relatively expensive and did not sufficiently compensate for the risks. Some of those risks, including continued weakness in Advair sales, materialised, and the valuation declined after we sold the position.

In the second half of 2017, however, we built a position in GlaxoSmithKline again based on a more favourable fundamental long-term outlook and a lower valuation (12 times forward earnings). In the respiratory care division, declines in Advair sales should be offset by new drugs, aided by a new inhaler. The HIV segment is growing at healthy rates due to increased adoption of Dolutegravir, a drug that blocks an enzyme needed for HIV to replicate. Combined with continued growth in vaccines and consumer health, the company should achieve modest earnings growth. Meanwhile, the management team has also been revamped. The new CEO is focusing on renewing the pharmaceutical pipeline and has brought in a well-regarded head of research and development to lead that effort. Improvements in the drug pipeline will take time to manifest, but in the meantime, the company continues to generate stable cash flow and has an attractive 6% dividend yield. On 31 December, GlaxoSmithKline was a 2.0% position in the Fund.

#### Energy

We discussed Energy in our last letter, noting that it was the worst-performing sector in the first half of 2017. Oil prices declined 16% in the first half but rebounded 40% in the second half. Unfortunately, the Fund's holdings underperformed those in the MSCI EAFE Energy sector for the year. Specifically, our overweight in the Energy Equipment & Services (Oil Services) industry (2.8% compared to 0.1% for the MSCI EAFE) hurt performance, as Oil Services was down 23% compared to the overall Energy sector up 22%.

The Fund's largest investment in Oil Services is Schlumberger (a 2.2% position), which is the industry's leading global player. As highlighted in our last letter, the stock price declined 22% in the first half, and we added to the position during the second quarter. The shares have remained weak—up only 4% in the second half—because a recovery in its international markets has not yet materialised. Since the current industry downturn started in 2014, the management team has done a remarkable job strengthening its business franchise through organic investments and selected acquisitions. We believe Schlumberger should benefit directly as higher oil prices spur producers to ramp up their investment in exploration and production.

We maintain our long-term view that Energy is an attractive area of the market. Demand growth continues to be substantial, and the dearth of investment in new supply over the past few years generates conditions that are supportive of higher

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## INVESTMENT MANAGER'S REPORT INTERNATIONAL STOCK FUND

oil prices in the longer term. We conduct ongoing research to test this thesis and recently met with industry executives and experts in Houston and the Middle East. One topic we focused on was U.S. shale oil, whose growth has surprised and disrupted the oil markets. Production of shale oil in the United States has increased to six million barrels a day from virtually nothing a decade ago, out of a global total of 98 million barrels a day. The key growth driver is the prodigious Permian Basin in Texas and New Mexico, which has altered the global cost curve because it can be economically viable at low oil prices. Our recent meetings reaffirmed that development costs are rising with more activity in the basin and that other global sources of new supply are likely needed to satisfy demand. Our research also reinforced the importance of investing in oil producers, such as Suncor Energy, whose assets are on the low end of the cost curve and whose management teams are investing counter-cyclically.

### *Suncor Energy*

Suncor, a 2.0% position, is an integrated Canadian oil producer with most of its production coming from mining oil sands. We initially purchased the stock in the summer of 2016, as we viewed the valuation to be attractive relative to the business prospects. Oil sands require large upfront capital expenditures but can produce for decades at relatively low ongoing costs. Suncor's assets generate free cash flow across a wide range of oil prices. These characteristics, along with Suncor's strong balance sheet, provide the company staying power through the oil cycle. In addition, Suncor's management has a track record of counter-cyclical capital allocation. When oil prices were high, management was disciplined and returned capital to shareholders through dividends and share buybacks. When oil prices declined, management opportunistically increased its ownership stake in a major oil sands asset called Syncrude. We added to the Fund's position in 2017 and view the company as offering a compelling combination of growth, resilience, and return of capital to shareholders.

### *Altice*

Investing too early is a risk in implementing our value-oriented investment strategy. We may be attracted to a company because of its low valuation and the prospect of improving fundamentals, but we may inaccurately gauge the path and time needed to bring about that change in fundamentals. A case in point is Altice, which significantly detracted from performance in 2017.

Altice is a cable and telecommunications operator with major assets in Western Europe and the United States. Through a series of levered acquisitions, the company owns the second largest telecom company in France (SFR), U.S. cable operators Cablevision and Suddenlink, and the incumbent telecom company in Portugal (Portugal Telecom). Altice is led by founder Patrick Drahi, who established a reputation for successfully consolidating the French cable market and improving profitability by re-engineering the cost structure of those businesses. We first bought Altice in early 2016. The valuation had declined due to scepticism about its recently announced Cablevision acquisition and high customer churn at SFR. We thought that was a good entry point given the significant opportunity to cut costs and improve operations at the recently acquired businesses.

Through the second quarter of 2017, the stock had appreciated 80% since our initial purchase. However, the company then reported disappointing third quarter results, with deteriorating revenue trends in France, Portugal, and U.S.-based Suddenlink. Because the company has high financial leverage, the impact on the stock was substantial—it was down 44% between the release of third quarter results and year end.

In these situations, we are careful not to be knee-jerk sellers or buyers. We concentrate our efforts on retesting the assumptions underlying our thesis. For Altice, management's ability to improve revenue trends and cut costs is critical. Mr. Drahi responded by replacing the CEO at SFR with an executive who has an accomplished record of operational turnarounds and has been at Altice since its founding. While the competitive environment is intense, we believe the issues facing Altice can be fixed by the new management team. We also re-examined the company's financial leverage with the help of our fixed income team and remain comfortable with the debt structure and maturity schedule. At the now lower valuation, we think Altice is very attractive. The U.S. cable operations are performing well, and we can attribute most of the company's valuation to the stake in Altice USA, meaning we are paying little for the rest of the company. Based on these factors, we decided to add to the Fund's position in Altice (0.8% on 31 December).

### IN CLOSING

Overall, we remain optimistic about the long-term outlook for the portfolio. International valuations are reasonable, and we see attractive earnings prospects for companies in the Fund. We believe a single quarter or year's performance is too short of an interval to evaluate our strategy. Our active, bottom-up, value-oriented investment approach requires conviction and patience. Accordingly, maintaining a long-term investment horizon and staying the course are essential.

We thank our fellow shareholders 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,



Charles F. Pohl,  
Chairman and  
Chief Investment Officer, Dodge & Cox



Dana M. Emery,  
President and  
Chief Executive Officer, Dodge & Cox

1 February 2018

<sup>(a)</sup> All returns are stated in U.S. dollars unless otherwise noted.

<sup>(b)</sup> Unless otherwise specified, all weightings and characteristics are as of 31 December 2017.

<sup>(c)</sup> The use of specific examples does not imply that they are more or less attractive investments than the Fund's other holdings.

## INVESTMENT MANAGER'S REPORT INTERNATIONAL STOCK FUND

### AVERAGE ANNUAL TOTAL RETURN

For periods ended 31 December 2017	1 Year %	3 Years %	5 Years %	Since Inception % <sup>1</sup>
International Stock Fund				
USD Accumulating Class	24.11	5.98	8.58	8.22
EUR Accumulating Class	8.91	6.28	10.69	8.52
MSCI EAFE Index (USD)	25.03	7.80	7.90	7.32

<sup>1</sup> USD Accumulating Class inception date is 10 September 2010. EUR Accumulating Class inception date is 1 March 2011. The MSCI EAFE return is measured from 10 September 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](http://dodgeandcoxworldwide.com) for current month-end performance figures.

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 MSCI EAFE (Europe, Australasia, Far East) Index is a broad-based, unmanaged equity market index aggregated from 21 developed market country indices, excluding the United States and Canada. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. MSCI EAFE is a service mark of MSCI Barra.

### 2017 PERFORMANCE REVIEW

The USD Accumulating Class underperformed the MSCI EAFE by 0.9 percentage points in 2017.

#### Key Detractors from Relative Results

- Weak returns from the Fund's holdings in the Energy sector (up 1% compared to up 22% for the MSCI EAFE sector) hurt results. Schlumberger (down 17%) especially detracted.
- The Fund's underweight position in Industrials, one of the strongest sectors of the market, and selection of holdings (up 22% compared to up 30% for the MSCI EAFE sector) hindered results. Johnson Controls International (down 6%) performed poorly.
- Additional detractors included Altice (down 47%), Magnit (down 38%), Grupo Televisa (down 10%), and Barclays (up 1%).

#### Key Contributors to Relative Results

- Strong returns from the Fund's holdings in emerging markets (up 43%) contributed significantly, especially in the Information Technology, Consumer Discretionary, and Financials sectors. Samsung Electronics (up 61%), Kasikornbank (up 51%), ICICI Bank (up 45%), and the Fund's Chinese internet-related holdings—Naspers (up 90%), JD.com (up 63%), and Baidu (up 42%)—were particularly notable.
- The Fund's holdings in Japan (up 37% compared to up 24% for the MSCI EAFE region) helped results.
- Within the Telecommunication Services sector, the Fund's holdings outperformed (up 43% compared to up 13% for the MSCI EAFE sector). Millicom International Cellular (up 64%) performed exceptionally well.

**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. Additional risks may arise due to economic and political developments in the countries and regions where portfolio companies operate; these risks may be increased when investing in emerging markets. The Fund is also subject to currency risk. Please read the prospectus and key investor information documents for specific details regarding the Fund's risk profile.

### ADDITIONAL REPORTING

For further review of the Fund's performance and long-term investment strategy, please visit [dodgeandcoxworldwide.com](http://dodgeandcoxworldwide.com).

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## INVESTMENT MANAGER'S REPORT

### U.S. STOCK FUND

#### MARKET COMMENTARY

U.S. equity markets continued to climb steadily during the fourth quarter, capping off a year of strong performance and low volatility. The S&P 500 reached an all-time high in mid-December and ended the year up nearly 22%. The period of sustained performance in U.S. equities since March 2009 is the second longest in U.S. history<sup>(a)</sup>.

During 2017, U.S. growth stocks (the higher valuation portion of the equity market) outperformed value stocks (the lower valuation portion) by 17 percentage points overall<sup>(b)</sup>. Companies in sectors and industries associated with technology (e.g., Information Technology, Internet Retail, Media) led the market. The "FAANG" growth stocks—Facebook, Amazon, Apple, Netflix, and Google—were particularly strong, accounting for 20% of the S&P 500's total return. Within the traditional value sectors, Energy was a laggard despite an 18% increase in oil prices during the year. Dodge & Cox's approach is value oriented, and the Fund outperformed the U.S. value investment universe by four percentage points<sup>(c)</sup>. However, the outperformance of growth stocks had a negative impact on the Fund's relative results versus the broad-based S&P 500.

Robust corporate earnings growth, sustained economic expansion, and rising interest rates were major factors influencing equity market returns. Anticipation of the new U.S. tax bill signed in December, which significantly reduces statutory corporate tax rates, also contributed. Economic data released during the fourth quarter was solid (e.g., the unemployment rate hit a 17-year low), suggesting the U.S. economy remains on a steady path.

#### INVESTMENT STRATEGY: FINDING OPPORTUNITIES IN HEALTH CARE AND ENERGY

At Dodge & Cox, our strong price discipline is an essential component of our investment strategy. Investment returns hinge on the purchase price: a good company is not always a good investment if the starting valuation is too high. We seek to invest in companies with valuations that do not fully reflect prospects for the company and where our analysis suggests the possibility of more positive developments. We constantly weigh valuation against company fundamentals and re-evaluate our thinking as prices change.

In response to diverging valuations, we made a number of gradual portfolio adjustments during 2017. We trimmed selected Information Technology holdings that had performed strongly. One of the Fund's largest sales was DXC Technology, the company formed through the merger of Hewlett Packard Enterprise's services division and Computer Sciences Corporation. As a result of the Fund's investment in Hewlett Packard Enterprise, the Fund received DXC shares in April 2017, and the stock performed strongly. While the CEO has an impressive track record of shareholder value creation, management's three-year plan embedded high expectations for margin expansion and earnings growth. We questioned whether these targets, even if achieved, would be sustainable over the long term. These concerns, combined with DXC's higher valuation, led us to sell the stock (up 36% over the holding period). We redeployed these proceeds, and others, into more attractively valued companies in the Health Care and Energy sectors, where our long-term outlook is more positive than that of many other investors.

#### Health Care

In the Pharmaceuticals industry, we believe valuations are compelling, reflecting regulatory and pricing concerns. As a result of industry consolidation and higher market shares, pharmacy benefit managers have been able to exert increased pricing pressure on drug manufacturers. This trend could impact long-term profitability for pharmaceutical companies. Despite these challenges, the FDA has recently increased the pace of new drug approvals. Most of the Fund's pharmaceutical company holdings feature durable franchises with significant barriers to entry and growth potential from new discoveries and expansion into emerging markets.

Based on our evaluation of the risks and opportunities, the portfolio has significant exposure to the Pharmaceuticals and Biotechnology industries (11.2% compared to 7.4% for the S&P 500<sup>(d)</sup>). In 2017, we added tactically to several holdings (including Bristol Myers Squibb) as valuations became more attractive and initiated three new positions: Eli Lilly and GlaxoSmithKline, which are highlighted below, and Gilead Sciences (a biopharmaceutical company focused on treatments and research for HIV/AIDS and hepatitis)<sup>(e)</sup>.

#### *Eli Lilly*

During the second quarter of 2017, we initiated a position in Eli Lilly, a leading drug company focused on branded pharmaceuticals and animal health products. As the only pharmaceutical company with a presence across all major drug classes in the diabetes field, it has an advantage in contracting and marketing products. Until recently, Eli Lilly was losing market share to Novo Nordisk and Sanofi in the key area of diabetes classes, given its smaller emerging markets footprint and lack of a basal insulin therapy. This trend reversed as Eli Lilly launched several new products during the last few years, and the company is now gaining share in most therapeutic areas within diabetes. Eli Lilly's partnership with Boehringer Ingelheim, where costs and profits are shared 50/50, has been important in rejuvenating its diabetes portfolio.

After weathering two recent patent expirations, Eli Lilly is entering what could be an extended period of growth. The company's four new drugs should each generate over \$1 billion in annual sales. All of these recent product approvals have found commercial success and are driving future sales growth. If revenue grows as we expect, margins should improve significantly and boost earnings growth. The company has consistently had one of the better research and development (R&D) groups in the Pharmaceuticals industry due to its stable organisation, thoughtful leadership, and high funding.

Most importantly, the company's newly appointed CEO leads a competent management team that appears to be well aligned with the interests of long-term shareholders and capable of navigating competitive and regulatory risks. Eli Lilly was a 1.9% position in the portfolio on 31 December.

#### *GlaxoSmithKline*

The Fund recently re-established a position in GlaxoSmithKline, after selling it in 2015. Based in the United Kingdom, the company has leading therapeutic franchises in respiratory care and HIV. In addition to its traditional pharmaceuticals business, the company is diversified through strong and growing businesses in vaccines and over-the-counter consumer health.

In 2015, we sold GlaxoSmithKline based on market headwinds and a higher valuation. The company's pharmaceuticals business was suffering from pricing pressure on a key respiratory drug, Advair, and the pipeline of new drug launches was weak.

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## INVESTMENT MANAGER'S REPORT

### U.S. STOCK FUND

The valuation, at 20 times forward earnings, was relatively expensive and did not sufficiently compensate for the risks. Some of those risks, including continued weakness in Advair sales, materialised, and the valuation declined after we sold the position.

In the second half of 2017, however, we built a position in GlaxoSmithKline again based on a more favourable fundamental long-term outlook and a lower valuation (12 times forward earnings). In the respiratory care division, declines in Advair sales should be offset by new drugs, aided by a new inhaler. The HIV segment is growing at healthy rates due to increased adoption of Dolutegravir, a drug that blocks an enzyme needed for HIV to replicate. Combined with continued growth in vaccines and consumer health, the company should achieve modest earnings growth. Meanwhile, the management team has also been revamped. The new CEO is focusing on renewing the pharmaceutical pipeline and has brought in a well-regarded head of R&D to lead that effort. Improvements in the drug pipeline will take time to manifest, but in the meantime, the company continues to generate stable cash flow and has an attractive 6% dividend yield. On 31 December, GlaxoSmithKline was a 0.7% position in the Fund.

### Energy

While Energy was the second-worst performing sector (down 1%) of the S&P 500 during 2017, we continue to believe Energy is an attractive area of the market. Global supply and demand fundamentals are supportive of higher oil prices. Demand growth in the developing world continues to be healthy, and the dearth of investment in new supply over the past few years should lead to a tighter balance. We conduct ongoing research to test our investment thesis and recently met with industry executives and experts in Houston and the Middle East. Our trips reaffirmed that development costs in U.S. shale oil are rising with more activity and that other global sources of new supply are likely needed to satisfy demand. Our research also reinforced the importance of investing in oil producers with assets on the low end of the cost curve and management teams that are investing counter-cyclically.

The Fund remains modestly overweight the Energy sector (8.0% compared to 6.1% for the S&P 500), primarily due to investments in the Energy Equipment & Services (Oil Services) industry and growing exposure to exploration and production (E&P) companies. Oil services companies are particularly appealing due to their strong franchises and ability to expand earnings as producers reinvest in projects to meet growing global demand. Given attractive valuations, we recently added to selected holdings, including Anadarko Petroleum (a leading global E&P company with strong operational capabilities) and Baker Hughes.

### *Baker Hughes, a GE Company*

In July 2017, GE Oil & Gas completed its acquisition of Baker Hughes, forming Baker Hughes GE (BHGE), now the second largest oilfield services company in the world after Schlumberger (also held in the Fund, 1.6% at year end). By combining oilfield services (Baker Hughes) and oilfield equipment (GE Oil & Gas) businesses, BHGE is the only company that serves the upstream, midstream, and downstream segments of the Oil, Gas, and Consumable Fuels industry.

Adjusting for the \$17.50 per share cash dividend the Fund received in July, BHGE's stock was weak in 2017. While oil service activity levels have started to rebound in North America due to the resurgence of U.S. shale oil, hopes for an international recovery have been delayed. During the second half of 2017, we added to BHGE given its lower valuation, earnings growth potential, diversified business model, and financial strength. Management is targeting a \$1.6 billion improvement in EBITDA, driven by 75% cost savings and 25% revenue synergies. BHGE has a long-term opportunity to increase its market share with its improved scale. BHGE's leadership position in compressors and turbines generates long-term service contracts with attractive recurring revenue, which should reduce downside volatility. In addition, the company has a healthy balance sheet and recently announced a \$3 billion share buyback. We believe BHGE provides attractive risk-reward diversification to the Fund's Energy portfolio. The company was a 1.0% position on 31 December.

### IN CLOSING

U.S. equity valuations are now at the high end of the historical range. While we have a tempered return outlook for the overall U.S. market, we are optimistic about the long-term prospects for the Fund's portfolio, which continues to trade at a significant discount to the market. On 31 December, the Fund's portfolio of 64 companies traded at 16 times forward estimated earnings, compared to 20 times for the S&P 500.

As an active, value-oriented manager, we believe the valuation disparities that characterise the current market offer significant opportunities. Our fundamental, bottom-up, price-disciplined investment approach requires conviction and patience. Accordingly, maintaining a long-term investment horizon and staying the course are essential. We thank our fellow shareholders 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,



Charles F. Pohl,  
Chairman and  
Chief Investment Officer, Dodge & Cox



Dana M. Emery,  
President and  
Chief Executive Officer, Dodge & Cox

1 February 2018

(a) All returns are stated in U.S. dollars unless otherwise noted.

(b) The Russell 1000 Growth Index had a total return of 30.2% compared to 13.7% for the Russell 1000 Value Index during 2017.

(c) The USD Accumulating Class had a total return of 17.6% compared to 13.7% for the Russell 1000 Value Index during 2017.

(d) Unless otherwise specified, all weightings and characteristics are as of 31 December 2017.

(e) The use of specific examples does not imply that they are more or less attractive investments than the Fund's other holdings.

# INVESTMENT MANAGER'S REPORT

## U.S. STOCK FUND

### AVERAGE ANNUAL TOTAL RETURN

For periods ended 31 December 2017	1 Year %	3 Years %	5 Years %	Since Inception % <sup>1</sup>
U.S. Stock Fund				
USD Accumulating Class	17.61	10.89	16.18	14.13
GBP Accumulating Class	7.34	16.31	20.56	16.44
GBP Distributing Class	7.37	16.31	n/a	16.84
GBP Distributing Class (H)	16.26	n/a	n/a	16.26
EUR Accumulating Class	3.14	11.16	18.40	15.39
S&P 500 Index (USD)	21.83	11.41	15.79	14.63

<sup>1</sup> 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 17. 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](http://dodgeandcoxworldwide.com) for current month-end performance figures.

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. S&P 500® is a trademark of S&P Global Inc.

### 2017 PERFORMANCE REVIEW

The USD Accumulating Class underperformed the S&P 500 by 4.2 percentage points in 2017.

#### Key Detractors from Relative Results

- Returns from holdings in the Energy sector (down 16% compared to down 1% for the S&P 500 sector), combined with a higher average weighting (8% versus 6%), detracted from results. Apache (down 32%), Baker Hughes (down 27%), Anadarko Petroleum (down 23%), and Schlumberger (down 17%) were weak.
- Relative results were hindered by the strong performance of several large internet and technology stocks not held by the Fund (e.g., Apple, Amazon, Facebook). The impact was significant in the Consumer Discretionary sector, where the Fund's holdings lagged meaningfully (up 13% compared to up 23% for the S&P 500 sector) and in Information Technology, where the Fund's underweight position and modest underperformance (up 36% compared to up 39% for the S&P 500 sector) hurt.
- Sprint (down 30%) also detracted.

#### Key Contributors to Relative Results

- The return for Wal-Mart (up 47%), the Fund's only holding in Consumer Staples, considerably outpaced the S&P 500 sector (up 13%).
- The Fund's lack of holdings in the Real Estate and Utilities sectors (up 11% and up 12%), respectively aided relative results as these areas lagged the broader index.
- A number of individual holdings also contributed, including Alnylam Pharmaceuticals (up 239%), Cigna (up 52%), HP Inc. (up 46%), and several financial services companies, including American Express (up 36%), Bank of America (up 36%), and Charles Schwab (up 31%).

**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. Additional risks may arise due to economic and political developments in the countries and regions where portfolio companies operate. Please read the prospectus and key investor information documents for specific details regarding the Fund's risk profile.

### ADDITIONAL REPORTING

For further review of the Fund's performance and long-term investment strategy, please visit [dodgeandcoxworldwide.com](http://dodgeandcoxworldwide.com).

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## INVESTMENT MANAGER'S REPORT

### GLOBAL BOND FUND

#### MARKET COMMENTARY

Global markets delivered healthy returns in 2017 amid synchronised global growth and muted financial market volatility. Real GDP growth in the G7 countries beat expectations for the first time since 2010, and emerging market growth accelerated, driven by better-than-expected economic data from China and a rally in key commodity prices during the second half of the year.

Corporate bonds continued their long stretch of outperformance as yield premiums<sup>(a)</sup> fell to their lowest level since mid-2007. This strength was underpinned by robust corporate earnings and balance sheets, as well as optimism around the new U.S. tax bill signed into law in December, which significantly reduces statutory corporate tax rates.

Growth momentum in the United States was strong, although inflation remained subdued. In December, as widely anticipated, the Federal Reserve (Fed) hiked interest rates for the third time in 2017. Jerome Powell was confirmed to succeed Janet Yellen as Fed Chair, and is widely seen as maintaining continuity in Fed monetary policy. The flattening of the U.S. yield curve was notable, as 2-year yields rose by 70 basis points<sup>(b)</sup> but longer-term rates fell modestly, resulting in the flattest curve since 2007.

In the eurozone, the economic expansion was solid and broad-based, providing support for the euro, which rose 14% against the U.S. dollar. In October, the European Central Bank (ECB) announced it would extend its asset-purchase programme through September 2018, but at a significantly reduced pace. Brexit risk lingered over the course of the year, but negotiators announced “sufficient progress” in December toward a provisional agreement between the European Union and the United Kingdom, alleviating near-term tail risks for the UK economy.

Emerging market currencies generally strengthened versus the U.S. dollar, with the Polish zloty and other central and eastern European currencies performing best. Interest rate movements in the emerging markets varied, reflecting divergences in growth and inflation dynamics, central bank actions, and political events. For example, ten-year interest rates rose in India on growth and fiscal concerns related to economic policies and higher oil prices, while they fell in Indonesia, supported by subdued price pressures, robust export growth, and sovereign ratings upgrades.

#### INVESTMENT STRATEGY

2017 was a strong year for the Fund's performance. The positive economic and financial market backdrop propelled returns of “risk assets”, including many of the Fund's corporate and emerging market holdings. As in 2016, last year the Fund's significant allocation to credit<sup>(c)</sup> and strong security selection were the dominant contributors to the Fund's 8.2% return<sup>(d)</sup>. Currency and interest rate positioning also contributed positively to returns, led by the Fund's sizeable weighting in Mexican government bonds.

During the year, we made a number of incremental changes to individual holdings. In aggregate, we reduced the Fund's credit exposure and increased high-quality, short-duration<sup>(e)</sup> holdings. We also added to our emerging market bond holdings. Below we review investment themes in the three key dimensions of the Fund—credit, currency, and rates.

#### Credit: A Valuation-Driven Approach

Credit valuations are less compelling than they have been in recent years, but remain a relatively attractive sector of the bond market. The Fund's 47%<sup>(f)</sup> weighting in credit boosted performance in an environment of declining credit yield premiums and continues to be an important driver of the Fund's significant yield advantage relative to the Bloomberg Barclays Global Agg (3.9% versus 1.7%).

Our positive outlook for credit is supported by strong corporate profitability and liquidity, as well as manageable leverage levels, a well-capitalised global banking system, and stability in commodity prices. However, valuation discipline is an essential element of our investment philosophy. Consequently, we have capitalised on the strong market environment by selectively reducing the Fund's credit exposure over the last seven quarters. The Fund's credit weighting declined 12 percentage points in the last year and 20 percentage points over the last two years. During the year, several companies (e.g., Time Warner, Vulcan Materials) conducted tenders in which they offered to buy back their debt from bondholders at above-market prices. We participated in the tenders, taking advantage of an efficient and attractive way to reduce our credit exposure.

As we have scaled back credit exposure, we have increased the Fund's holdings of a variety of short-dated, high-quality bonds. Our experienced fixed income research team identified several opportunities to pick up incremental yield versus short-term U.S. Treasuries through investments in commercial paper, hedged Japanese Treasury Discount Bills, agency-guaranteed mortgage-backed securities, and asset-backed bonds.

The Fund's largest corporate sector concentration is the Communications sector (13% weighting). Concerns about acquisitions and technological changes have kept valuations at levels we deem attractive, and we believe the issuers held by the Fund have sufficient scale, diversity, and cash flows to succeed, even in the face of long-term secular challenges.

We continue to find value in euro-denominated emerging market credit securities, including bonds issued by the governments of Peru and Indonesia, as well as by Pemex<sup>(g)</sup>, Mexico's national oil company. These bonds trade at a discount to comparable U.S. dollar-denominated bonds (i.e., those with equivalent issuer, maturity, and seniority level). By virtue of its global mandate and active currency management, the Fund is able to take advantage of these opportunities and purchase whichever bonds are most attractively priced.

#### Currency: Opportunities in Emerging Markets

The Fund remains largely invested in U.S. dollars (82% weighting), reflecting our view that U.S. economic prospects and policies continue to support the outlook for the U.S. dollar, especially with respect to other developed markets. However, we remain enthusiastic about the return prospects for emerging market government bonds and modestly increased the Fund's exposure over 2017.

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## INVESTMENT MANAGER'S REPORT GLOBAL BOND FUND

For example, we initiated a position in rupiah-dominated Indonesia government bonds given a reasonable currency valuation and attractive real yield levels, combined with an improving fundamental outlook. The Indonesian government, led by President Joko Widodo, has implemented a number of investor-friendly economic reforms in recent years, resulting in lower macroeconomic volatility and an upward trend in sovereign credit ratings. The outlook for growth and investment is positive, debt levels remain low, foreign reserves have risen, and inflation dynamics are stable.

We also established a small position in the Argentine peso via our purchase of bonds issued by the Province of Buenos Aires, the largest of Argentina's 23 provinces. These bonds offer high real yields that we believe adequately compensate for currency depreciation risks over our extended investment time horizon. President Mauricio Macri is leading Argentina through an ambitious institutional and macroeconomic reform agenda aimed at lowering inflation, reigniting growth, and attracting investment following nearly two decades of economic mismanagement under previous governments. We believe Argentina's improving credit profile will provide support for the currency and drive yield premiums lower.

The Mexican peso remains the Fund's largest non-U.S. dollar currency exposure (6% weighting) and was a large contributor to returns in 2017. We trimmed our exposure early in the year after a period of strong appreciation, but our view is that Mexican currency and rates valuations reflect excessive pessimism relative to our more sanguine view of the risk-return prospects.

### **Duration: Remaining Defensive but Finding Pockets of Value**

We continue to believe that the market is underpricing upside risks to inflation and interest rates in the United States and a number of other developed markets. Output gaps are closing in Europe and Japan, and U.S. growth is running above potential. In addition, important impending changes related to the new U.S. tax reform and the end of the ECB's asset purchases are likely to provide upward pressure on interest rates. To mitigate potential performance headwinds due to rising interest rates, the Fund maintains a relatively low overall duration (3.7 years).

In contrast to developed markets, several emerging markets offer high nominal and real rate levels, moderating inflation, and steep yield curves, providing attractive return opportunities. This underscores a key benefit of the global nature of the Fund: the ability to find pockets of value in various countries, as economic cycles and valuation levels differ across the globe. The Fund holds longer-term bonds in India, Indonesia, Mexico, and Peru.

### **IN CLOSING**

At Dodge & Cox, our intensive fundamental research process, credit-oriented investment strategy, and long-term investment horizon differentiate our global bond investment approach. As we look forward, our return outlook is tempered by the generally low level of yields and yield premiums, as well as by the dichotomy between low asset price volatility and high geopolitical uncertainty. Nonetheless, we remain optimistic about the Fund's positioning and continue to find investment opportunities across the global bond universe.

Thank you for your continued confidence in our firm. As always, we welcome your comments and questions.

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



Charles F. Pohl,  
Chairman and  
Chief Investment Officer, Dodge & Cox



Dana M. Emery,  
President and  
Chief Executive Officer, Dodge & Cox

1 February 2018

(a) Yield premiums are one way to measure a security's valuation. Narrowing yield premiums result in a higher valuation. Widening yield premiums result in a lower valuation.

(b) One basis point is equal to 1/100th of 1%.

(c) Credit securities refers to corporate bonds and government-related securities, as classified by Bloomberg.

(d) All returns are stated in U.S. dollars unless otherwise noted.

(e) Duration is a measure of a bond's (or a bond portfolio's) price sensitivity to changes in interest rates.

(f) Unless otherwise specified, all weightings and characteristics are as of 31 December 2017.

(g) The use of specific examples does not imply that they are more or less attractive investments than the Fund's other holdings.

## INVESTMENT MANAGER'S REPORT GLOBAL BOND FUND

### AVERAGE ANNUAL TOTAL RETURN

For periods ended 31 December 2017	1 Year %	3 Year %	Since Inception % (1 May 2014)
Global Bond Fund			
USD Accumulating Class	8.24	3.34	2.04
GBP Distributing Class	-1.14	8.46	8.47
GBP Distributing Class (H)	7.00	2.79	1.60
EUR Accumulating Class	-5.03	3.65	6.16
EUR Accumulating Class (H)	6.17	2.01	0.89
EUR Distributing Class	-5.02	3.66	6.17
EUR Distributing Class (H)	6.28	2.04	0.91
Bloomberg Barclays Global Aggregate Bond Index (USD)	7.39	2.02	0.84

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](http://dodgeandcoxworldwide.com) for current month-end performance figures.

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 Bloomberg Barclays Global Aggregate Bond Index is a widely recognised, unmanaged index of multi-currency, investment-grade debt securities. Bloomberg is a registered trademark of Bloomberg Finance L.P. and its affiliates. Barclays® is a trademark of Barclays Bank PLC.

### 2017 PERFORMANCE REVIEW

The USD Accumulating Class outperformed the Bloomberg Barclays Global Agg by 0.9 percentage points in 2017.

#### Key Contributors to Relative Results

- Security selection was strong, led by Rio Oil Finance Trust, Telecom Italia, Indonesia sovereign credit, and Naspers.
- The Fund's large position in the Mexican peso (8%<sup>1</sup> versus 0%<sup>2</sup> in the Bloomberg Barclays Global Agg) added to relative returns as the currency appreciated 5% versus the U.S. dollar.
- The Fund's overweight to corporate bonds (50% versus 19% in the Bloomberg Barclays Global Agg) benefited relative returns as credit yield premiums declined.

#### Key Detractors from Relative Results

- Currency positioning hurt relative returns, predominantly due to the Fund's lack of exposure to the euro (24% in the Bloomberg Barclays Global Agg), which appreciated 14% versus the U.S. dollar. Lack of exposure to other appreciating developed market currencies, including the Japanese yen and the British pound (combined 22% in the Bloomberg Barclays Global Agg), also detracted.

<sup>1</sup> Unless otherwise noted, figures cited in this section denote positioning at the beginning of the period.

<sup>2</sup> Rounds to zero.

**Risks:** The yields and market values of the instruments in which the Fund invests may fluctuate. Accordingly, an investment may be worth more or less than its original cost. Debt securities are subject to interest rate risk, credit risk, and prepayment and call risk, all of which could have adverse effects on the value of the Fund. A low interest rate environment creates an elevated risk of future negative returns. Financial intermediaries may restrict their market making activities for certain debt securities, which may reduce the liquidity and increase the volatility of such securities. Additional risks may arise due to economic and political developments in the countries and regions where portfolio issuers operate; these risks may be increased when investing in emerging markets. The Fund is also subject to currency risk. Please read the prospectus and key investor information documents for specific details regarding the Fund's risk profile.

### ADDITIONAL REPORTING

For further review of the Fund's performance and long-term investment strategy, please visit [dodgeandcoxworldwide.com](http://dodgeandcoxworldwide.com).

**PORTFOLIO OF INVESTMENTS  
GLOBAL STOCK FUND**

31 December 2017

**COMMON STOCKS:  
93.3% [92.3% at 31 December 2016<sup>(a)</sup>]**

	Shares	Fair Value	% of Fund
<b>CONSUMER DISCRETIONARY: 19.0% [19.1%<sup>(b)</sup>]</b>			
<b>AUTOMOBILES &amp; COMPONENTS: 2.1% [2.9%]</b>			
Bayerische Motoren Werke AG (Germany)	290,250	\$30,149,009	0.9
Honda Motor Co., Ltd. (Japan)	1,100,700	37,738,062	1.2
		67,887,071	2.1
<b>MEDIA: 12.7% [12.3%]</b>			
Altice NV, Series A (Netherlands)	2,639,097	27,607,689	0.9
Charter Communications, Inc., Class A (United States)	118,498	39,810,588	1.2
Comcast Corp., Class A (United States)	1,445,700	57,900,285	1.8
DISH Network Corp., Class A (United States)	362,900	17,328,475	0.5
Grupo Televisa SAB ADR (Mexico)	1,829,800	34,162,366	1.1
Liberty Global PLC LiLAC, Series A (United Kingdom)	401,200	8,084,180	0.3
Liberty Global PLC LiLAC, Series C (United Kingdom)	263,910	5,249,170	0.2
Liberty Global PLC, Series C (United Kingdom)	1,782,500	60,319,800	1.9
Naspers, Ltd. (South Africa)	297,200	82,808,650	2.6
Television Broadcasts, Ltd. (Hong Kong)	301,100	1,085,361	0.0
Time Warner, Inc. (United States)	208,400	19,062,348	0.6
Twenty-First Century Fox, Inc., Class A (United States)	1,437,900	49,650,687	1.6
		403,069,599	12.7
<b>RETAILING: 4.2% [3.5%]</b>			
JD.com, Inc. ADR (Cayman Islands/China)	931,355	38,576,724	1.2
Liberty Interactive Corp. QVC Group, Series A (United States)	1,209,939	29,546,710	0.9
Target Corp. (United States)	475,500	31,026,375	1.0
The Priceline Group, Inc. (United States)	19,200	33,364,608	1.1
		132,514,417	4.2
		603,471,087	19.0
<b>CONSUMER STAPLES: 1.5% [1.1%]</b>			
<b>FOOD &amp; STAPLES RETAILING: 1.3% [0.8%]</b>			
Magnit PJSC (Russia)	304,700	33,489,199	1.1
Wal-Mart Stores, Inc. (United States)	69,693	6,882,184	0.2
		40,371,383	1.3
<b>FOOD, BEVERAGE &amp; TOBACCO: 0.2% [0.3%]</b>			
Anadolu Efes Biracilik ve Malt Sanayii AS (Turkey)	1,103,500	7,051,478	0.2
		47,422,861	1.5
<b>ENERGY: 6.7% [6.2%]</b>			
Anadarko Petroleum Corp. (United States)	1,124,800	60,334,272	1.9
Apache Corp. (United States)	647,400	27,333,228	0.8
National Oilwell Varco, Inc. (United States)	535,000	19,270,700	0.6
Occidental Petroleum Corp. (United States)	160,800	11,844,528	0.4
Saipem SPA (Italy)	1,965,864	8,974,449	0.3
Schlumberger, Ltd. (Curacao/United States)	384,700	25,924,933	0.8
Suncor Energy, Inc. (Canada)	1,472,100	54,055,512	1.7
Weatherford International PLC (Ireland)	1,483,900	6,187,863	0.2
		213,925,485	6.7

**FINANCIALS: 23.3% [25.3%]**

	Shares	Fair Value	% of Fund
<b>BANKS: 13.2% [13.2%]</b>			
Banco Santander SA (Spain)	2,373,821	\$15,565,987	0.5
Bank of America Corp. (United States)	2,128,600	62,836,272	2.0
Barclays PLC (United Kingdom)	22,170,300	60,449,836	1.9
BNP Paribas SA (France)	437,300	32,611,157	1.0
ICICI Bank, Ltd. (India)	14,416,061	70,744,252	2.2
Kasikornbank PCL- Foreign (Thailand)	6,800,400	49,701,530	1.6
Standard Chartered PLC (United Kingdom)	4,195,981	44,155,916	1.4
UniCredit SPA (Italy)	1,830,065	34,092,811	1.1
Wells Fargo & Co. (United States)	804,900	48,833,283	1.5
		418,991,044	13.2
<b>DIVERSIFIED FINANCIALS: 8.3% [9.9%]</b>			
American Express Co. (United States)	240,500	23,884,055	0.7
Bank of New York Mellon Corp. (United States)	504,400	27,166,984	0.9
Capital One Financial Corp. (United States)	530,700	52,847,106	1.7
Charles Schwab Corp. (United States)	1,170,900	60,149,133	1.9
Credit Suisse Group AG (Switzerland)	1,881,682	33,494,506	1.0
Goldman Sachs Group, Inc. (United States)	170,500	43,436,580	1.4
UBS Group AG (Switzerland)	1,171,900	21,532,734	0.7
		262,511,098	8.3
<b>INSURANCE: 1.8% [2.2%]</b>			
AEGON NV (Netherlands)	3,547,063	22,606,367	0.7
Aviva PLC (United Kingdom)	5,237,600	35,793,937	1.1
		58,400,304	1.8
		739,902,446	23.3
<b>HEALTH CARE: 19.7% [15.6%]</b>			
<b>HEALTH CARE EQUIPMENT &amp; SERVICES: 5.4% [4.8%]</b>			
Cigna Corp. (United States)	202,500	41,125,725	1.3
Express Scripts Holding Co. (United States)	828,700	61,854,168	1.9
Medtronic PLC (Ireland)	366,200	29,570,650	0.9
UnitedHealth Group, Inc. (United States)	181,000	39,903,260	1.3
		172,453,803	5.4
<b>PHARMACEUTICALS, BIOTECHNOLOGY &amp; LIFE SCIENCES: 14.3% [10.8%]</b>			
Alnylam Pharmaceuticals, Inc. (United States)	215,100	27,328,455	0.9
AstraZeneca PLC (United Kingdom)	761,400	52,249,560	1.6
Bayer AG (Germany)	242,500	30,160,946	1.0
Bristol-Myers Squibb Co. (United States)	569,200	34,880,576	1.1
Eli Lilly and Co. (United States)	464,900	39,265,454	1.2
GlaxoSmithKline PLC (United Kingdom)	3,497,400	61,861,474	1.9
Merck & Co., Inc. (United States)	171,000	9,622,170	0.3
Novartis AG (Switzerland)	959,700	81,134,716	2.6
Roche Holding AG (Switzerland)	160,400	40,572,093	1.3
Sanofi (France)	877,225	75,532,200	2.4
		452,607,644	14.3
		625,061,447	19.7

The accompanying notes are an integral part of the financial statements.

**PORTFOLIO OF INVESTMENTS**  
**GLOBAL STOCK FUND**

31 December 2017

	Shares	Fair Value	% of Fund
<b>INDUSTRIALS: 4.6% [4.3%]</b>			
<b>CAPITAL GOODS: 2.5% [2.3%]</b>			
Johnson Controls International PLC (Ireland)	1,391,477	\$53,029,188	1.7
Schneider Electric SA (France)	321,900	27,300,709	0.8
		80,329,897	2.5
<b>TRANSPORTATION: 2.1% [2.0%]</b>			
FedEx Corp. (United States)	123,900	30,918,006	1.0
Union Pacific Corp. (United States)	252,700	33,887,070	1.1
		64,805,076	2.1
		<b>145,134,973</b>	<b>4.6</b>
<b>INFORMATION TECHNOLOGY: 11.2% [12.9%]</b>			
<b>SOFTWARE &amp; SERVICES: 6.4% [6.3%]</b>			
Alphabet, Inc., Class C (United States)	73,124	76,516,954	2.4
Baidu, Inc. ADR (Cayman Islands/China)	161,900	37,918,599	1.2
Dell Technologies, Inc., Class V (United States)	406,390	33,031,379	1.0
Micro Focus International PLC ADR (United Kingdom)	615,507	20,674,880	0.7
Microsoft Corp. (United States)	413,000	35,328,020	1.1
		203,469,832	6.4
<b>TECHNOLOGY, HARDWARE &amp; EQUIPMENT: 4.8% [6.6%]</b>			
Cisco Systems, Inc. (United States)	676,800	25,921,440	0.8
Hewlett Packard Enterprise Co. (United States)	3,276,800	47,054,848	1.5
HP Inc. (United States)	743,000	15,610,430	0.5
Juniper Networks, Inc. (United States)	812,200	23,147,700	0.7
Samsung Electronics Co., Ltd. (South Korea)	6,504	15,452,364	0.5
TE Connectivity, Ltd. (Switzerland)	264,900	25,176,096	0.8
		152,362,878	4.8
		<b>355,832,710</b>	<b>11.2</b>
<b>MATERIALS: 3.5% [2.8%]</b>			
Celanese Corp., Series A (United States)	173,700	18,599,796	0.6
Cemex SAB de CV ADR (Mexico)	3,269,492	24,521,190	0.8
LafargeHolcim, Ltd. (Switzerland)	372,254	20,973,495	0.6
Linde AG (Germany)	208,000	48,658,839	1.5
		112,753,320	3.5
<b>REAL ESTATE: 0.6% [1.3%]</b>			
Hang Lung Group, Ltd. (Hong Kong)	5,326,400	19,594,844	0.6
<b>TELECOMMUNICATION SERVICES: 3.2% [3.7%]</b>			
Millicom International Cellular SA SDR (Luxembourg)	384,300	25,944,528	0.8
MTN Group, Ltd. (South Africa)	3,341,500	36,935,634	1.2
Sprint Corp. (United States)	3,022,400	17,801,936	0.5
Zayo Group Holdings, Inc. (United States)	611,000	22,484,800	0.7
		103,166,898	3.2
<b>TOTAL COMMON STOCKS</b>	<b>2,966,266,071</b>		<b>93.3</b>

**PREFERRED STOCKS: 4.3% [4.5%]**

	Shares	Fair Value	% of Fund
<b>ENERGY: 0.8% [1.0%]</b>			
Petroleo Brasileiro SA ADR (Brazil)	2,498,300	\$24,558,289	0.8
<b>FINANCIALS: 1.7% [1.9%]</b>			
<b>BANKS: 1.7% [1.9%]</b>			
Itau Unibanco Holding SA ADR (Brazil)	4,312,837	56,066,881	1.7
<b>INFORMATION TECHNOLOGY: 1.8% [1.6%]</b>			
<b>TECHNOLOGY, HARDWARE &amp; EQUIPMENT: 1.8% [1.6%]</b>			
Samsung Electronics Co., Ltd. (South Korea)	29,436	57,382,930	1.8
<b>TOTAL PREFERRED STOCKS</b>		<b>138,008,100</b>	<b>4.3</b>

**SHORT-TERM INVESTMENTS: 2.1% [2.5%]**

	Par Value	Fair Value	% of Fund
<b>REPURCHASE AGREEMENT: 2.1% [2.5%]</b>			
State Street Repurchase Agreement <sup>(c)</sup> 0.05%, dated 29/12/17, due 2/1/18, maturity value \$68,247,379	\$68,247,000	68,247,000	2.1
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>68,247,000</b>	<b>2.1</b>

**TOTAL INVESTMENTS EXCLUDING FINANCIAL DERIVATIVE INSTRUMENTS: 99.7% [99.3%]**

**FINANCIAL DERIVATIVE INSTRUMENTS: (0.3%) [0.3%]**

**FUTURES CONTRACTS: 0.0% [0.0%]**

Description	Number of Contracts	Expiration Date	Notional Amount	Unrealised Gain (Loss)	% of Fund
E-mini S&P 500 Index—Long Position	486	Mar 2018	\$65,026,800	852,900	0.0
<b>Net unrealised gain (loss) on futures contracts</b>				<b>852,900</b>	<b>0.0</b>

**CURRENCY FORWARD CONTRACTS: (0.3%) [0.3%]**

Counterparty	Settle Date	Contract Amount		Unrealised Gain (Loss)	% of Fund
		Receive USD	Deliver Non-USD		
<b>Contracts to sell CHF:</b>					
Citibank	24/1/18	1,654,890	1,600,146	10,503	0.0
Citibank	24/1/18	2,813,106	2,720,048	17,854	0.0
Citibank	24/1/18	1,110,026	1,073,306	7,045	0.0
Goldman Sachs	24/1/18	1,093,563	1,057,287	7,044	0.0
Goldman Sachs	24/1/18	2,771,381	2,679,449	17,851	0.0
Goldman Sachs	24/1/18	1,630,345	1,576,263	10,502	0.0
Goldman Sachs	24/1/18	1,109,568	1,073,307	6,586	0.0
Goldman Sachs	24/1/18	1,654,205	1,600,146	9,819	0.0
Goldman Sachs	24/1/18	2,811,942	2,720,048	16,691	0.0
Citibank	31/1/18	291,808	286,000	(2,243)	0.0
Citibank	31/1/18	5,319,892	5,214,000	(40,886)	0.0
Citibank	31/1/18	292,045	286,000	(2,006)	0.0
Citibank	31/1/18	5,324,211	5,214,000	(36,567)	0.0
Goldman Sachs	14/2/18	6,067,777	6,000,000	(107,245)	0.0

The accompanying notes are an integral part of the financial statements.

**PORTFOLIO OF INVESTMENTS  
GLOBAL STOCK FUND**

31 December 2017

Counterparty	Settle Date	Contract Amount		Unrealised Gain (Loss)	% of Fund
		Receive USD	Deliver Non-USD		
<b>Contracts to sell CNH:</b>					
Citibank	10/1/18	1,168,906	8,265,920	(\$99,758)	0.0
HSBC	10/1/18	1,168,989	8,265,920	(99,676)	0.0
HSBC	10/1/18	2,337,019	16,531,840	(200,310)	0.0
JPMorgan	10/1/18	1,168,824	8,265,920	(99,841)	0.0
JPMorgan	10/1/18	1,168,989	8,265,920	(99,676)	0.0
JPMorgan	10/1/18	1,169,071	8,265,920	(99,593)	0.0
JPMorgan	10/1/18	1,169,320	8,265,920	(99,345)	0.0
JPMorgan	10/1/18	1,169,154	8,265,920	(99,510)	0.0
JPMorgan	10/1/18	1,169,320	8,265,920	(99,345)	0.0
Citibank	24/1/18	2,432,804	17,220,600	(208,327)	0.0
Citibank	24/1/18	2,301,899	16,281,333	(195,176)	0.0
Citibank	24/1/18	2,303,202	16,281,333	(193,873)	0.0
JPMorgan	24/1/18	3,431,499	24,283,000	(292,796)	0.0
JPMorgan	24/1/18	1,216,402	8,610,300	(104,164)	0.0
JPMorgan	24/1/18	1,216,402	8,610,300	(104,164)	0.0
JPMorgan	24/1/18	2,301,249	16,281,334	(195,827)	0.0
Citibank	31/1/18	5,028,082	35,606,829	(430,981)	0.0
JPMorgan	31/1/18	10,279,476	72,650,200	(858,892)	(0.1)
JPMorgan	31/1/18	4,250,837	30,062,771	(358,238)	0.0
Citibank	7/2/18	862,110	6,077,875	(69,366)	0.0
Citibank	7/2/18	2,084,323	14,694,475	(167,707)	0.0
Citibank	7/2/18	2,078,133	14,694,475	(173,897)	0.0
Citibank	7/2/18	2,077,839	14,694,475	(174,191)	0.0
Citibank	7/2/18	859,550	6,077,875	(71,926)	0.0
Citibank	7/2/18	2,083,141	14,694,475	(168,888)	0.0
Citibank	7/2/18	861,621	6,077,875	(69,855)	0.0
Citibank	7/2/18	859,428	6,077,875	(72,048)	0.0
Bank of America	16/5/18	1,764,664	12,479,704	(137,220)	0.0
Bank of America	16/5/18	1,765,438	12,479,704	(136,447)	0.0
Goldman Sachs	16/5/18	1,768,137	12,502,500	(137,221)	0.0
Goldman Sachs	16/5/18	1,772,508	12,530,748	(137,155)	0.0
Goldman Sachs	16/5/18	1,765,023	12,477,832	(136,576)	0.0
Goldman Sachs	16/5/18	1,772,359	12,529,512	(137,116)	0.0
Bank of America	13/6/18	15,054,843	105,000,000	(922,619)	(0.1)
Bank of America	13/6/18	5,001,072	35,000,000	(324,749)	0.0
Bank of America	13/6/18	5,000,000	35,000,000	(325,821)	0.0
Bank of America	1/8/18	1,486,807	10,218,079	(63,678)	0.0
JPMorgan	1/8/18	1,487,023	10,218,079	(63,462)	0.0
JPMorgan	1/8/18	1,487,240	10,218,079	(63,245)	0.0
JPMorgan	1/8/18	1,486,699	10,218,080	(63,786)	0.0
Bank of America	8/8/18	3,420,897	23,540,900	(149,700)	0.0
Credit Suisse	8/8/18	3,421,792	23,540,900	(148,805)	0.0
Goldman Sachs	8/8/18	2,631,652	18,108,400	(114,963)	0.0
JPMorgan	8/8/18	2,631,844	18,108,400	(114,771)	0.0
JPMorgan	8/8/18	2,631,461	18,108,400	(115,154)	0.0
JPMorgan	15/8/18	15,093,768	103,165,905	(547,556)	(0.1)
UBS	15/8/18	1,173,090	8,034,492	(45,046)	0.0
UBS	15/8/18	4,515,886	30,929,303	(173,408)	0.0
Bank of America	29/8/18	1,887,491	12,750,000	(43,975)	0.0
Bank of America	29/8/18	1,928,667	13,005,000	(41,428)	0.0
Citibank	29/8/18	1,889,295	12,750,000	(42,171)	0.0
HSBC	29/8/18	7,394,164	50,000,000	(180,210)	0.0
UBS	29/8/18	1,667,853	11,250,000	(36,381)	0.0
UBS	29/8/18	1,831,786	12,370,050	(42,122)	0.0
UBS	29/8/18	1,907,259	12,874,950	(43,135)	0.0
<b>Contracts to sell EUR:</b>					
Goldman Sachs	24/1/18	11,269,527	9,500,000	(142,890)	0.0
Citibank	31/1/18	2,362,224	2,000,000	(41,349)	0.0
Goldman Sachs	14/2/18	4,548,694	3,877,813	(115,354)	0.0
Goldman Sachs	14/2/18	1,316,331	1,122,187	(33,382)	0.0
Bank of America	14/3/18	3,383,819	2,850,000	(49,933)	0.0
Bank of America	14/3/18	3,384,674	2,850,000	(49,078)	0.0

Counterparty	Settle Date	Contract Amount		Unrealised Gain (Loss)	% of Fund
		Deliver USD	Receive Non-USD		
<b>Contracts to buy CNH:</b>					
JPMorgan	10/1/18	3,738,825	24,797,760	\$67,168	0.0
JPMorgan	10/1/18	1,246,275	8,265,920	22,390	0.0
Unrealised gain on currency forward contracts				193,453	0.0
Unrealised loss on currency forward contracts				(10,016,223)	(0.3)
<b>Net unrealised gain (loss) on currency forward contracts</b>				<b>(9,822,770)</b>	<b>(0.3)</b>

**CURRENCY FORWARD CONTRACTS—SHARE CLASS**

HEDGING: 0.0% [Nil]

Counterparty	Settle Date	Contract Amount		Unrealised Gain (Loss)	% of Fund
		Deliver USD	Receive Non-USD		
<b>Contracts to buy GBP:</b>					
State Street	31/1/18	1,806	1,346	12	0.0
State Street	31/1/18	478,648	356,731	3,428	0.0
<b>Net unrealised gain (loss) on currency forward contracts—share class hedging</b>				<b>3,440</b>	<b>0.0</b>

**TOTAL FINANCIAL DERIVATIVE**

**INSTRUMENTS** (8,966,430) (0.3)

Fair Value % of Fund

**TOTAL INVESTMENTS: 99.4% [99.6%]** 3,163,554,741 99.4

OTHER ASSETS LESS LIABILITIES: 0.6% [0.4%] 17,118,666 0.6

**NET ASSETS ATTRIBUTABLE TO**

**REDEEMABLE SHAREHOLDERS:**

100.0% [100.0%] \$3,180,673,407 100.0

(a) Amounts in brackets represent allocations at 31 December 2016.

(b) Amount includes 0.4% allocation to Consumer Durables & Apparel.

(c) Repurchase agreement is collateralised by U.S. Treasury Notes 1.5%-2.125%, 30/9/21-31/1/22. Total collateral value is \$69,616,509.

In determining a company's country designation, the Fund generally references the country of incorporation. In cases where the Fund considers the country of incorporation to be a "jurisdiction of convenience" chosen primarily for tax purposes or in other limited circumstances, the Fund uses the country designation of an appropriate broad-based market index. In those cases, two countries are listed—the country of incorporation and the country designated by an appropriate index, respectively.

For currency forward contracts, the listed counterparty may be the parent company or one of its subsidiaries.

ADR: American Depositary Receipt

SDR: Swedish Depositary Receipt

CHF: Swiss Franc

CNH: Chinese Renminbi

EUR: Euro

**ANALYSIS OF TOTAL ASSETS (unaudited) Total Assets % of**

Transferable securities admitted to official stock exchange listing	96.1
Short-term securities	2.1
Financial derivative instruments dealt in on a regulated market	0.0
Over the counter financial derivative instruments	0.0
Other assets	1.8
	100.0

The accompanying notes are an integral part of the financial statements.

**PORTFOLIO OF INVESTMENTS  
INTERNATIONAL STOCK FUND**

31 December 2017

**COMMON STOCKS:  
93.2% [92.5% at 31 December 2016<sup>(a)</sup>]**

	Shares	Fair Value	% of Fund		Shares	Fair Value	% of Fund
<b>CONSUMER DISCRETIONARY: 15.9% [17.2%]</b>				<b>UNI-CREDIT: 0.3% [0.3%]</b>			
<b>AUTOMOBILES &amp; COMPONENTS: 5.0% [5.7%]</b>				<b>DIVERSIFIED FINANCIALS: 4.2% [3.4%]</b>			
Bayerische Motoren Werke AG (Germany)	12,400	\$1,288,020	1.7	UniCredit SPA (Italy)	80,206	\$1,494,181	2.0
Honda Motor Co., Ltd. (Japan)	50,700	1,738,275	2.3			14,788,420	19.4
NGK Spark Plug Co., Ltd. (Japan)	5,700	138,609	0.2	Credit Suisse Group AG (Switzerland)	77,563	1,380,645	1.8
Yamaha Motor Co., Ltd. (Japan)	19,100	625,424	0.8	Haci Omer Sabanci Holding AS (Turkey)	53,100	155,764	0.2
				UBS Group AG (Switzerland)	91,300	1,677,565	2.2
		3,790,328	5.0			3,213,974	4.2
<b>CONSUMER DURABLES &amp; APPAREL: 0.3% [1.4%]</b>				<b>INSURANCE: 2.4% [2.6%]</b>			
Panasonic Corp. (Japan)	15,500	226,989	0.3	AEGON NV (Netherlands)	136,969	872,939	1.1
<b>MEDIA: 9.1% [8.4%]</b>				<b>Aviva PLC (United Kingdom)</b>			
Altice NV, Series A (Netherlands)	57,000	596,279	0.8			968,383	1.3
Grupo Televisa SAB ADR (Mexico)	52,504	980,249	1.3			1,841,322	2.4
Liberty Global PLC LiLAC, Series A (United Kingdom)	4,652	93,738	0.1			<b>19,843,716</b>	<b>26.0</b>
Liberty Global PLC LiLAC, Series C (United Kingdom)	5,739	114,149	0.1	<b>HEALTH CARE: 16.0% [12.6%]</b>			
Liberty Global PLC, Series A (United Kingdom)	22,400	802,816	1.0	<b>HEALTH CARE EQUIPMENT &amp; SERVICES: 1.2% [Nil]</b>			
Liberty Global PLC, Series C (United Kingdom)	35,900	1,214,856	1.6	Koninklijke Philips NV (Netherlands)			
Naspers, Ltd. (South Africa)	11,130	3,101,145	4.1	23,933 905,419 1.2			
Television Broadcasts, Ltd. (Hong Kong)	23,800	85,791	0.1	<b>PHARMACEUTICALS, BIOTECHNOLOGY &amp; LIFE SCIENCES: 14.8% [12.6%]</b>			
		6,989,023	9.1	AstraZeneca PLC (United Kingdom)			
<b>RETAILING: 1.5% [1.7%]</b>				21,100 1,447,946 1.9			
JD.com, Inc. ADR (Cayman Islands/China)	27,800	1,151,476	1.5	Bayer AG (Germany)			
		<b>12,157,816</b>	<b>15.9</b>	13,300 1,654,188 2.2			
<b>CONSUMER STAPLES: 1.1% [0.7%]</b>				GlaxoSmithKline PLC (United Kingdom)			
<b>FOOD &amp; STAPLES RETAILING: 1.0% [0.5%]</b>				85,700 1,515,848 2.0			
Magnit PJSC (Russia)	6,700	736,389	1.0	Novartis AG (Switzerland)			
<b>FOOD, BEVERAGE &amp; TOBACCO: 0.1% [0.2%]</b>				28,800 2,434,802 3.2			
Anadolu Efes Biracilik ve Malt Sanayii AS (Turkey)	15,576	99,532	0.1	Roche Holding AG (Switzerland)			
		<b>835,921</b>	<b>1.1</b>	6,430 1,626,425 2.1			
<b>ENERGY: 6.0% [5.9%]</b>				Sanofi (France)			
Saipem SPA (Italy)	69,777	318,542	0.4	30,343 2,612,641 3.4			
Schlumberger, Ltd. (Curacao/United States)	24,620	1,659,142	2.2	11,291,850 14.8			
Statoil ASA (Norway)	44,400	949,808	1.2	<b>12,197,269 16.0</b>			
Suncor Energy, Inc. (Canada)	41,000	1,505,520	2.0	<b>INDUSTRIALS: 7.2% [8.4%]</b>			
Weatherford International PLC (Ireland)	29,640	123,599	0.2	<b>CAPITAL GOODS: 6.9% [8.1%]</b>			
		<b>4,556,611</b>	<b>6.0</b>	Johnson Controls International PLC (Ireland)			
<b>FINANCIALS: 26.0% [24.7%]</b>				37,230 1,418,835 1.8			
<b>BANKS: 19.4% [18.7%]</b>				Mitsubishi Electric Corp. (Japan)			
Axis Bank, Ltd. (India)	43,271	381,414	0.5	94,600 1,571,851 2.0			
Banco Santander SA (Spain)	162,107	1,062,993	1.4	Nidec Corp. (Japan)			
Barclays PLC (United Kingdom)	684,298	1,865,816	2.4	5,800 814,167 1.1			
BNP Paribas SA (France)	24,300	1,812,145	2.4	Schneider Electric SA (France)			
ICICI Bank, Ltd. (India)	456,291	2,239,167	2.9	13,600 1,153,432 1.5			
Kasikornbank PCL- Foreign (Thailand)	148,700	1,086,792	1.4	Smiths Group PLC (United Kingdom)			
Lloyds Banking Group PLC (United Kingdom)	1,231,579	1,127,751	1.5	18,000 360,093 0.5			
Mitsubishi UFJ Financial Group, Inc. (Japan)	142,900	1,048,514	1.4	5,318,378 6.9			
Societe Generale SA (France)	20,553	1,059,664	1.4	<b>TRANSPORTATION: 0.3% [0.3%]</b>			
Standard Chartered PLC (United Kingdom)	152,991	1,609,983	2.1	DP World, Ltd. (United Arab Emirates)			
				8,818 220,608 0.3			
				<b>5,538,986 7.2</b>			
<b>INFORMATION TECHNOLOGY: 9.8% [12.7%]</b>				<b>SOFTWARE &amp; SERVICES: 2.3% [2.4%]</b>			
<b>TECHNOLOGY, HARDWARE &amp; EQUIPMENT: 7.5% [10.3%]</b>				Baidu, Inc. ADR (Cayman Islands/China)			
Brother Industries, Ltd. (Japan)	11,600	286,324	0.4	4,800 1,124,208 1.5			
Hewlett Packard Enterprise Co. (United States)	79,800	1,145,928	1.5	Micro Focus International PLC (United Kingdom)			
Kyocera Corp. (Japan)	18,000	1,176,137	1.5	6,100 207,022 0.3			
Samsung Electronics Co., Ltd. (South Korea)	586	1,392,233	1.8	Micro Focus International PLC ADR (United Kingdom)			
TE Connectivity, Ltd. (Switzerland)	8,800	836,352	1.1	12,879 432,606 0.5			
Telefonaktiebolaget LM Ericsson (Sweden)	137,700	902,661	1.2	1,763,836 2.3			
				<b>7,503,471 9.8</b>			

The accompanying notes are an integral part of the financial statements.

**PORTFOLIO OF INVESTMENTS  
INTERNATIONAL STOCK FUND**

31 December 2017

	Shares	Fair Value	% of Fund
<b>MATERIALS: 6.1% [5.3%]</b>			
Agrium, Inc. (Canada)	6,200	\$713,000	0.9
Akzo Nobel NV (Netherlands)	8,662	757,661	1.0
Cemex SAB de CV ADR (Mexico)	102,160	766,200	1.0
LafargeHolcim, Ltd. (Switzerland)	13,088	737,403	1.0
Linde AG (Germany)	7,340	1,717,095	2.2
		<b>4,691,359</b>	<b>6.1</b>
<b>REAL ESTATE: 0.6% [1.3%]</b>			
Hang Lung Group, Ltd. (Hong Kong)	116,600	428,950	0.6
<b>TELECOMMUNICATION SERVICES: 3.2% [3.3%]</b>			
America Movil SAB de CV, Series L (Mexico)	572,700	493,403	0.6
Millicom International Cellular SA SDR (Luxembourg)	9,700	654,858	0.8
MTN Group, Ltd. (South Africa)	121,000	1,337,487	1.8
		<b>2,485,748</b>	<b>3.2</b>
<b>UTILITIES: 1.3% [0.4%]</b>			
Engie (France)	59,900	1,029,165	1.3
<b>TOTAL COMMON STOCKS</b>		<b>71,269,012</b>	<b>93.2</b>
<b>PREFERRED STOCKS: 6.6% [6.0%]</b>			
<b>ENERGY: 1.8% [1.8%]</b>			
Petroleo Brasileiro SA ADR (Brazil)	140,200	1,378,166	1.8
<b>FINANCIALS: 2.6% [2.5%]</b>			
<b>BANKS: 2.6% [2.5%]</b>			
Itau Unibanco Holding SA ADR (Brazil)	151,879	1,974,427	2.6
<b>INFORMATION TECHNOLOGY: 2.2% [1.7%]</b>			
<b>TECHNOLOGY, HARDWARE &amp; EQUIPMENT: 2.2% [1.7%]</b>			
Samsung Electronics Co., Ltd. (South Korea)	862	1,680,394	2.2
<b>TOTAL PREFERRED STOCKS</b>		<b>5,032,987</b>	<b>6.6</b>
<b>SHORT-TERM INVESTMENTS: 1.8% [0.8%]</b>			
	Par Value	Fair Value	% of Fund
<b>REPURCHASE AGREEMENT: 1.8% [0.8%]</b>			
State Street Repurchase Agreement <sup>(b)</sup> 0.05%, dated 29/12/17, due 2/1/18, maturity value \$1,397,008	\$1,397,000	1,397,000	1.8
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>1,397,000</b>	<b>1.8</b>
<b>TOTAL INVESTMENTS EXCLUDING FINANCIAL DERIVATIVE INSTRUMENTS: 101.6% [99.3%]</b>		<b>77,698,999</b>	<b>101.6</b>

**FINANCIAL DERIVATIVE INSTRUMENTS: (0.5%) [0.6%]**

**CURRENCY FORWARD CONTRACTS: (0.5%) [0.6%]**

Counterparty	Settle Date	Contract Amount		Unrealised Gain (Loss)	% of Fund
		Receive USD	Deliver Non-USD		
<b>Contracts to sell CHF:</b>					
Citibank	24/1/18	124,180	120,072	\$788	0.0
Citibank	24/1/18	182,438	176,403	1,158	0.0
Goldman Sachs	24/1/18	122,338	118,280	788	0.0
Goldman Sachs	24/1/18	179,731	173,769	1,158	0.0
Goldman Sachs	24/1/18	182,363	176,403	1,082	0.0
Goldman Sachs	24/1/18	124,130	120,073	737	0.0
Citibank	31/1/18	58,362	57,200	(449)	0.0
Citibank	31/1/18	362,516	355,300	(2,786)	0.0
Citibank	31/1/18	25,507	24,999	(196)	0.0
Citibank	31/1/18	25,508	25,000	(196)	0.0
Citibank	31/1/18	58,409	57,200	(401)	0.0
Citibank	31/1/18	25,528	25,000	(175)	0.0
Citibank	31/1/18	362,810	355,300	(2,492)	0.0
Citibank	31/1/18	25,529	25,001	(175)	0.0
Goldman Sachs	14/2/18	101,099	100,000	(1,818)	0.0
UBS	14/3/18	431,727	425,000	(6,580)	0.0
<b>Contracts to sell CNH:</b>					
Citibank	10/1/18	51,720	365,740	(4,414)	0.0
HSBC	10/1/18	51,724	365,740	(4,410)	0.0
HSBC	10/1/18	103,405	731,480	(8,863)	0.0
JPMorgan	10/1/18	51,717	365,740	(4,418)	0.0
JPMorgan	10/1/18	51,724	365,740	(4,410)	0.0
JPMorgan	10/1/18	51,728	365,740	(4,407)	0.0
JPMorgan	10/1/18	51,731	365,740	(4,403)	0.0
JPMorgan	10/1/18	51,739	365,740	(4,396)	0.0
JPMorgan	10/1/18	51,739	365,740	(4,396)	0.0
Citibank	24/1/18	108,837	770,400	(9,320)	0.0
Citibank	24/1/18	102,248	723,200	(8,669)	0.0
Citibank	24/1/18	102,306	723,200	(8,612)	0.0
JPMorgan	24/1/18	312,075	2,208,400	(26,628)	(0.1)
JPMorgan	24/1/18	54,418	385,200	(4,660)	0.0
JPMorgan	24/1/18	54,418	385,200	(4,660)	0.0
JPMorgan	24/1/18	102,219	723,200	(8,698)	0.0
Citibank	31/1/18	252,306	1,786,726	(21,626)	(0.1)
JPMorgan	31/1/18	459,866	3,250,100	(38,424)	(0.1)
JPMorgan	31/1/18	162,775	1,151,174	(13,718)	(0.1)
Citibank	7/2/18	38,124	268,925	(3,091)	0.0
Citibank	7/2/18	76,251	537,875	(6,182)	0.0
Citibank	7/2/18	76,294	537,875	(6,139)	0.0
Citibank	7/2/18	38,145	268,925	(3,069)	0.0
Citibank	7/2/18	76,057	537,875	(6,376)	0.0
Citibank	7/2/18	38,032	268,925	(3,182)	0.0
Citibank	7/2/18	38,027	268,925	(3,188)	0.0
Citibank	7/2/18	76,068	537,875	(6,365)	0.0
Bank of America	16/5/18	23,539	166,396	(1,819)	0.0
Bank of America	16/5/18	23,529	166,397	(1,830)	0.0
Goldman Sachs	16/5/18	23,633	167,076	(1,829)	0.0
Goldman Sachs	16/5/18	23,575	166,700	(1,830)	0.0
Goldman Sachs	16/5/18	23,534	166,371	(1,821)	0.0
Goldman Sachs	16/5/18	23,631	167,060	(1,828)	0.0
Bank of America	1/8/18	82,121	564,375	(3,517)	0.0
Bank of America	1/8/18	56,933	391,274	(2,438)	0.0
JPMorgan	1/8/18	82,145	564,375	(3,493)	0.0
JPMorgan	1/8/18	56,950	391,274	(2,422)	0.0
JPMorgan	1/8/18	82,115	564,376	(3,523)	0.0
JPMorgan	1/8/18	82,133	564,376	(3,505)	0.0
JPMorgan	1/8/18	56,929	391,275	(2,442)	0.0
JPMorgan	1/8/18	56,942	391,275	(2,430)	0.0
Bank of America	8/8/18	178,419	1,227,787	(7,808)	0.0
Credit Suisse	8/8/18	178,465	1,227,788	(7,761)	0.0
Goldman Sachs	8/8/18	100,767	693,375	(4,402)	0.0
JPMorgan	8/8/18	100,774	693,375	(4,395)	0.0
JPMorgan	8/8/18	100,759	693,375	(4,409)	0.0

The accompanying notes are an integral part of the financial statements.

PORTFOLIO OF INVESTMENTS  
INTERNATIONAL STOCK FUND

31 December 2017

Counterparty	Settle Date	Contract Amount		Unrealised Gain (Loss)	% of Fund
		Receive USD	Deliver Non-USD		
JPMorgan	15/8/18	335,473	2,292,960	(\$12,170)	0.0
UBS	15/8/18	107,838	738,580	(4,141)	0.0
UBS	15/8/18	28,013	191,860	(1,076)	0.0
Bank of America	29/8/18	54,003	364,140	(1,160)	0.0
Bank of America	29/8/18	52,850	357,000	(1,231)	0.0
Bank of America	29/8/18	227,276	1,500,000	45	0.0
Citibank	29/8/18	52,900	357,000	(1,181)	0.0
UBS	29/8/18	46,700	315,000	(1,019)	0.0
UBS	29/8/18	51,290	346,362	(1,179)	0.0
UBS	29/8/18	53,403	360,498	(1,208)	0.0
<b>Contracts to sell EUR:</b>					
Goldman Sachs	24/1/18	444,850	375,000	(5,640)	0.0
Goldman Sachs	14/2/18	674,478	575,000	(17,105)	(0.1)
Bank of America	14/3/18	388,842	327,500	(5,738)	0.0
Bank of America	14/3/18	296,901	250,000	(4,305)	0.0
Bank of America	14/3/18	204,862	172,500	(2,971)	0.0

Counterparty	Settle Date	Deliver USD	Receive Non-USD	Unrealised Gain (Loss)	% of Fund
<b>Contracts to buy CNH:</b>					
Bank of America	10/1/18	165,459	1,097,220	2,944	0.0
Unrealised gain on currency forward contracts				8,700	0.0
Unrealised loss on currency forward contracts				(365,618)	(0.5)
<b>Net unrealised gain (loss) on currency forward contracts</b>				<b>(356,918)</b>	<b>(0.5)</b>

TOTAL FINANCIAL DERIVATIVE INSTRUMENTS

(356,918) (0.5)

	Fair Value	% of Fund
TOTAL INVESTMENTS: 101.1% [99.9%]	77,342,081	101.1
OTHER ASSETS LESS LIABILITIES: (1.1%) [0.1%]	(924,773)	(1.1)
<b>NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS:</b>		
100.0% [100.0%]	<b>\$76,417,308</b>	<b>100.0</b>

(a) Amounts in brackets represent allocations at 31 December 2016.

(b) Repurchase agreement is collateralised by U.S. Treasury Note 2.125%, 30/9/21. Total collateral value is \$1,427,581.

In determining a company's country designation, the Fund generally references the country of incorporation. In cases where the Fund considers the country of incorporation to be a "jurisdiction of convenience" chosen primarily for tax purposes or in other limited circumstances, the Fund uses the country designation of an appropriate broad-based market index. In those cases, two countries are listed—the country of incorporation and the country designated by an appropriate index, respectively.

For currency forward contracts, the listed counterparty may be the parent company or one of its subsidiaries.

ADR: American Depositary Receipt  
SDR: Swedish Depositary Receipt  
CHF: Swiss Franc  
CNH: Chinese Renminbi  
EUR: Euro

The accompanying notes are an integral part of the financial statements.

ANALYSIS OF TOTAL ASSETS (unaudited)	% of Total Assets
Transferable securities admitted to official stock exchange listing	97.3
Short-term securities	1.8
Over the counter financial derivative instruments	0.0
Other assets	0.9
	<u>100.0</u>

**PORTFOLIO OF INVESTMENTS**  
**U.S. STOCK FUND**

31 December 2017

**COMMON STOCKS:**  
**94.3% [96.5% at 31 December 2016<sup>(a)</sup>]**

	Shares	Fair Value	% of Fund
<b>CONSUMER DISCRETIONARY: 15.1% [15.8%]</b>			
<b>AUTOMOBILES &amp; COMPONENTS: 0.4% [0.7%]</b>			
Harley-Davidson, Inc.	79,000	\$4,019,520	0.4
<b>CONSUMER DURABLES &amp; APPAREL: 0.4% [0.5%]</b>			
Mattel, Inc.	225,000	3,460,500	0.4
<b>MEDIA: 11.2% [12.1%]</b>			
Charter Communications, Inc., Class A	80,583	27,072,665	2.8
Comcast Corp., Class A	778,100	31,162,905	3.3
DISH Network Corp., Class A	151,500	7,234,125	0.7
News Corp., Class A	95,012	1,540,144	0.2
Time Warner, Inc.	183,300	16,766,451	1.7
Twenty-First Century Fox, Inc., Class A	543,000	18,749,790	2.0
Twenty-First Century Fox, Inc., Class B	137,000	4,674,440	0.5
		107,200,520	11.2
<b>RETAILING: 3.1% [2.5%]</b>			
Liberty Interactive Corp. QVC Group, Series A	263,000	6,422,460	0.7
Target Corp.	179,000	11,679,750	1.2
The Priceline Group, Inc.	6,500	11,295,310	1.2
		29,397,520	3.1
		<b>144,078,060</b>	<b>15.1</b>
<b>CONSUMER STAPLES: 0.4% [1.6%]</b>			
<b>FOOD &amp; STAPLES RETAILING: 0.4% [1.6%]</b>			
Wal-Mart Stores, Inc.	41,028	4,051,515	0.4
<b>ENERGY: 8.0% [9.3%]</b>			
Anadarko Petroleum Corp.	375,000	20,115,000	2.1
Apache Corp.	254,983	10,765,382	1.1
Baker Hughes, a GE Company	307,194	9,719,618	1.0
Concho Resources, Inc.	48,000	7,210,560	0.8
National Oilwell Varco, Inc.	254,000	9,149,080	1.0
Occidental Petroleum Corp.	47,600	3,506,216	0.4
Schlumberger, Ltd. (Curacao/United States)	233,900	15,762,521	1.6
		<b>76,228,377</b>	<b>8.0</b>
<b>FINANCIALS: 26.9% [29.4%]</b>			
<b>BANKS: 10.4% [11.4%]</b>			
Bank of America Corp.	1,143,800	33,764,976	3.5
BB&T Corp.	162,000	8,054,640	0.9
JPMorgan Chase & Co.	216,800	23,184,592	2.4
Wells Fargo & Co.	568,000	34,460,560	3.6
		99,464,768	10.4
<b>DIVERSIFIED FINANCIALS: 14.3% [15.3%]</b>			
American Express Co.	212,500	21,103,375	2.2
Bank of New York Mellon Corp.	378,200	20,369,852	2.1
Capital One Financial Corp.	357,000	35,550,060	3.7
Charles Schwab Corp.	700,900	36,005,233	3.8
Goldman Sachs Group, Inc.	91,200	23,234,112	2.5
		136,262,632	14.3
<b>INSURANCE: 2.2% [2.7%]</b>			
Brighthouse Financial, Inc.	28,663	1,680,798	0.2
MetLife, Inc.	377,300	19,076,288	2.0
		20,757,086	2.2
		<b>256,484,486</b>	<b>26.9</b>

	Shares	Fair Value	% of Fund
<b>HEALTH CARE: 18.9% [15.0%]</b>			
<b>HEALTH CARE EQUIPMENT &amp; SERVICES: 7.7% [7.2%]</b>			
Cigna Corp.	83,900	\$17,039,251	1.8
Danaher Corp.	65,000	6,033,300	0.6
Express Scripts Holding Co.	272,500	20,339,400	2.2
Medtronic PLC (Ireland)	167,200	13,501,400	1.4
UnitedHealth Group, Inc.	73,100	16,115,626	1.7
		73,028,977	7.7
<b>PHARMACEUTICALS, BIOTECHNOLOGY &amp; LIFE SCIENCES: 11.2% [7.8%]</b>			
Alnylam Pharmaceuticals, Inc.	65,000	8,258,250	0.9
AstraZeneca PLC ADR (United Kingdom)	231,000	8,015,700	0.8
Bristol-Myers Squibb Co.	305,500	18,721,040	2.0
Eli Lilly and Co.	221,000	18,665,660	1.9
Gilead Sciences, Inc.	158,900	11,383,596	1.2
GlaxoSmithKline PLC ADR (United Kingdom)	180,000	6,384,600	0.7
Merck & Co., Inc.	221,100	12,441,297	1.3
Novartis AG ADR (Switzerland)	97,700	8,202,892	0.9
Roche Holding AG ADR (Switzerland)	214,000	6,758,120	0.7
Sanofi ADR (France)	181,466	7,803,038	0.8
		106,634,193	11.2
		<b>179,663,170</b>	<b>18.9</b>
<b>INDUSTRIALS: 5.4% [4.5%]</b>			
<b>CAPITAL GOODS: 1.6% [0.8%]</b>			
Johnson Controls International PLC (Ireland)	403,887	15,392,134	1.6
<b>TRANSPORTATION: 3.8% [3.7%]</b>			
FedEx Corp.	85,100	21,235,854	2.2
Union Pacific Corp.	110,000	14,751,000	1.6
		35,986,854	3.8
		<b>51,378,988</b>	<b>5.4</b>
<b>INFORMATION TECHNOLOGY: 17.2% [18.3%]</b>			
<b>SEMICONDUCTORS &amp; SEMICONDUCTOR EQUIPMENT: 0.9% [0.8%]</b>			
Maxim Integrated Products, Inc.	157,000	8,207,960	0.9
<b>SOFTWARE &amp; SERVICES: 7.7% [7.3%]</b>			
Alphabet, Inc., Class C	26,941	28,191,062	3.0
Dell Technologies, Inc., Class V	109,888	8,931,697	0.9
Micro Focus International PLC ADR (United Kingdom)	126,850	4,260,892	0.5
Microsoft Corp.	325,400	27,834,716	2.9
Synopsys, Inc.	48,700	4,151,188	0.4
		73,369,555	7.7
<b>TECHNOLOGY, HARDWARE &amp; EQUIPMENT: 8.6% [10.2%]</b>			
Cisco Systems, Inc.	492,000	18,843,600	2.0
Corning, Inc.	128,000	4,094,720	0.4
Hewlett Packard Enterprise Co.	1,214,993	17,447,299	1.8
HP Inc.	674,217	14,165,299	1.5
Juniper Networks, Inc.	315,041	8,978,669	0.9
NetApp, Inc.	95,800	5,299,656	0.6
TE Connectivity, Ltd. (Switzerland)	140,000	13,305,600	1.4
		82,134,843	8.6
		<b>163,712,358</b>	<b>17.2</b>

The accompanying notes are an integral part of the financial statements.

**PORTFOLIO OF INVESTMENTS**  
**U.S. STOCK FUND**

31 December 2017

	Shares	Fair Value	% of Fund
<b>MATERIALS: 1.0% [1.0%]</b>			
Celanese Corp., Series A	87,300	\$9,348,084	1.0
<b>TELECOMMUNICATION SERVICES: 1.4% [1.6%]</b>			
Sprint Corp.	950,838	5,600,436	0.6
Zayo Group Holdings, Inc.	204,100	7,510,880	0.8
		<u>13,111,316</u>	<u>1.4</u>
<b>TOTAL COMMON STOCKS</b>		<b>898,056,354</b>	<b>94.3</b>

**SHORT-TERM INVESTMENTS: 3.1% [3.3%]**

	Par Value	Fair Value	% of Fund
<b>REPURCHASE AGREEMENT: 3.1% [3.3%]</b>			
State Street Repurchase Agreement <sup>(b)</sup> 0.05%, dated 29/12/17, due 2/1/18, maturity value \$30,051,167	\$30,051,000	30,051,000	3.1
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<u>30,051,000</u>	<u>3.1</u>
<b>TOTAL INVESTMENTS EXCLUDING FINANCIAL DERIVATIVE INSTRUMENTS: 97.4% [99.8%]</b>		<b>928,107,354</b>	<b>97.4</b>

**FINANCIAL DERIVATIVE INSTRUMENTS: 0.0% [0.0%]**

<b>FUTURES CONTRACTS: 0.0% [0.0%]</b>					
Description	Number of Contracts	Expiration Date	Notional Amount	Unrealised Gain (Loss)	% of Fund
E-mini S&P 500 Index—Long Position	376	Mar 2018	\$50,308,800	284,175	0.0
<b>Net unrealised gain (loss) on futures contracts</b>				<u>284,175</u>	<u>0.0</u>

**CURRENCY FORWARD CONTRACTS—SHARE CLASS HEDGING: 0.0% [Nil]**

Counterparty	Settle Date	Contract Amount		Unrealised Gain (Loss)	% of Fund
		Receive USD	Deliver Non-USD		
<b>Contracts to sell GBP:</b>					
State Street	31/1/18	32,316	24,079	(224)	0.0
State Street	31/1/18	948	707	(7)	0.0
<b>Contracts to buy GBP:</b>					
State Street	31/1/18	5,912,843	4,406,782	42,347	0.0
State Street	31/1/18	4,475	3,343	43	0.0
State Street	31/1/18	2,427	1,804	10	0.0
Unrealised gain on currency forward contracts—share class hedging				<u>42,400</u>	<u>0.0</u>
Unrealised loss on currency forward contracts—share class hedging				<u>(231)</u>	<u>0.0</u>
<b>Net unrealised gain (loss) on currency forward contracts—share class hedging</b>				<u>42,169</u>	<u>0.0</u>
<b>TOTAL FINANCIAL DERIVATIVE INSTRUMENTS</b>				<u>326,344</u>	<u>0.0</u>

	Fair Value	% of Fund
<b>TOTAL INVESTMENTS: 97.4% [99.8%]</b>	<b>\$928,433,698</b>	<b>97.4</b>
<b>OTHER ASSETS LESS LIABILITIES: 2.6% [0.2%]</b>	<b>24,295,126</b>	<b>2.6</b>
<b>NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS: 100.0% [100.0%]</b>	<b>\$952,728,824</b>	<b>100.0</b>

(a) Amounts in brackets represent allocations at 31 December 2016.

(b) Repurchase agreement is collateralised by U.S. Treasury Note 2.125%, 30/9/21. Total collateral value is \$30,652,786.

In determining a company's country designation, the Fund generally references the country of incorporation. In cases where the Fund considers the country of incorporation to be a "jurisdiction of convenience" chosen primarily for tax purposes or in other limited circumstances, the Fund uses the country designation of an appropriate broad-based market index. In those cases, two countries are listed—the country of incorporation and the country designated by an appropriate index, respectively. In the U.S. Stock Fund, a company's country designation is the United States unless otherwise noted.

For currency forward contracts, the listed counterparty may be the parent company or one of its subsidiaries.

ADR: American Depositary Receipt

GBP: British Pound

<b>ANALYSIS OF TOTAL ASSETS (unaudited)</b>	<b>% of Total Assets</b>
Transferable securities admitted to official stock exchange listing	93.9
Short-term securities	3.2
Financial derivative instruments dealt in on a regulated market	0.0
Over the counter financial derivative instruments	0.0
Other assets	2.9
	<u>100.0</u>

The accompanying notes are an integral part of the financial statements.

**PORTFOLIO OF INVESTMENTS**  
**GLOBAL BOND FUND**

31 December 2017

**DEBT SECURITIES:**  
**94.6% [97.3% at 31 December 2016<sup>(a)</sup>]**

		<i>Par Value</i>	<i>Fair Value</i>	<i>% of Fund</i>
<b>GOVERNMENT: 23.0% [18.3%]</b>				
Colombia Government (Colombia)				
7.75%, 14/4/21	COP	27,900,000,000	\$9,918,231	2.9
India Government (India)				
8.24%, 15/2/27	INR	510,000,000	8,309,354	2.4
Indonesia Government (Indonesia)				
8.25%, 15/5/36	IDR	61,400,000,000	5,074,507	1.5
Japan Treasury Discount Bill (Japan)				
15/1/18	JPY	375,000,000	3,328,286	1.0
1/22/18	JPY	375,000,000	3,328,387	1.0
13/2/18	JPY	195,000,000	1,730,927	0.5
20/3/18	JPY	375,000,000	3,329,181	1.0
10/5/18	JPY	750,000,000	6,659,834	2.0
Mexico Government (Mexico)				
2.00%, 9/6/22 <sup>(b)</sup>	MXN	69,693,139	3,333,999	1.0
5.75%, 5/3/26	MXN	374,250,000	16,825,024	5.0
Peru Government GDN (Peru)				
6.35%, 12/8/28	PEN	20,250,000	6,835,276	2.0
Poland Government (Poland)				
1.50%, 25/4/20	PLN	12,150,000	3,457,819	1.0
U.S. Treasury Note/Bond (United States)				
1.00%, 30/11/18	USD	2,350,000	2,333,230	0.7
1.50%, 31/12/18	USD	3,500,000	3,488,804	1.0
			<b>77,952,859</b>	<b>23.0</b>
<b>GOVERNMENT-RELATED: 8.2% [8.6%]</b>				
Chicago Transit Authority RB (United States)				
6.20%, 1/12/40	USD	650,000	846,203	0.3
6.899%, 12/1/40	USD	2,420,000	3,281,254	1.0
Indonesia Government International (Indonesia)				
3.75%, 14/6/28	EUR	2,525,000	3,492,254	1.0
Peru Government International (Peru)				
2.75%, 30/1/26	EUR	2,100,000	2,804,408	0.8
3.75%, 1/3/30	EUR	450,000	657,367	0.2
Petroleo Brasileiro SA (Brazil)				
7.25%, 17/3/44	USD	1,625,000	1,690,000	0.5
Petroleos Mexicanos (Mexico)				
4.875%, 21/2/28	EUR	1,375,000	1,831,280	0.5
6.375%, 23/1/45	USD	225,000	226,204	0.1
6.75%, 21/9/47	USD	3,050,000	3,183,742	0.9
Province of Buenos Aires Argentina (Argentina)				
25.361%, 31/5/22	ARS	42,400,000	2,295,137	0.7
5.375%, 20/1/23	EUR	2,800,000	3,561,337	1.0
State of California GO (United States)				
7.30%, 1/10/39	USD	1,175,000	1,752,936	0.5
State of Illinois GO (United States)				
5.665%, 1/3/18	USD	345,000	346,877	0.1
5.877%, 1/3/19	USD	300,000	309,348	0.1
5.10%, 1/6/33	USD	1,700,000	1,697,178	0.5
			<b>27,975,525</b>	<b>8.2</b>

		<i>Par Value</i>	<i>Fair Value</i>	<i>% of Fund</i>
<b>SECURITIZED: 24.5% [20.0%]</b>				
<b>ASSET-BACKED: 4.8% [6.5%<sup>(c)</sup>]</b>				
<b>Credit Card: 1.0% [2.9%]</b>				
American Express Master Trust (United States)				
Series 2017-3 A,				
1.77%, 15/4/20	USD	615,000	\$609,611	0.2
Chase Issuance Trust (United States)				
Series 2016-A5 A5,				
1.27%, 15/7/21	USD	2,715,000	2,683,054	0.8
			3,292,665	1.0
<b>Other: 1.3% [1.8%]</b>				
Rio Oil Finance Trust (Brazil)				
9.25%, 6/7/24	USD	3,790,002	4,093,202	1.2
9.75%, 6/1/27	USD	194,615	210,184	0.1
			4,303,386	1.3
<b>Student Loan: 2.5% [1.2%]</b>				
Navient Student Loan Trust (United States)				
Series 2017-A B,				
3.91%, 16/12/58	USD	450,000	445,704	0.1
Navient Student Loan Trust (Private Loans) (United States)				
Series 2015-CA B,				
3.25%, 15/5/40	USD	2,760,000	2,780,767	0.8
SLM Student Loan Trust (Private Loans) (United States)				
Series 2014-A A2A,				
2.59%, 15/1/26	USD	2,201,004	2,205,485	0.6
SMB Private Education Loan Trust (United States)				
Series 2017-B A2A,				
2.82%, 15/10/35	USD	2,245,000	2,232,505	0.7
Series 2017-B B,				
3.50%, 16/12/41	USD	1,000,000	984,160	0.3
			8,648,621	2.5
			16,244,672	4.8
<b>MORTGAGE-RELATED: 19.7% [13.5%]</b>				
<b>Federal Agency CMO &amp; REMIC: 5.1% [0.9%]</b>				
Fannie Mae (United States)				
Trust 2004-W9 1A3,				
6.05%, 25/2/44	USD	255,926	283,862	0.1
Freddie Mac (United States)				
Series T-59 1A1,				
6.50%, 25/10/43	USD	176,768	202,656	0.1
Series 4319 MA,				
4.50%, 15/3/44	USD	209,950	225,125	0.1
Ginnie Mae (United States)				
Series 2010-169 JZ,				
4.00%, 20/12/40	USD	334,716	344,326	0.1
Series 2017-H22 FH,				
2.06%, 20/11/67	USD	16,073,825	16,077,937	4.7
			17,133,906	5.1
<b>Federal Agency Mortgage Pass-Through: 14.6% [12.6%]</b>				
Fannie Mae, 20 Year (United States)				
4.50%, 1/9/30	USD	557,769	595,074	0.2
4.00%, 10/1/31—6/1/35	USD	271,404	286,513	0.1
3.50%, 1/3/37	USD	764,463	793,092	0.2
Fannie Mae, 30 Year (United States)				
4.50%, 4/1/39—4/1/46	USD	6,865,600	7,309,634	2.1

The accompanying notes are an integral part of the financial statements.

**PORTFOLIO OF INVESTMENTS**  
**GLOBAL BOND FUND**

31 December 2017

	<i>Par Value</i>	<i>Fair Value</i>	<i>% of Fund</i>		<i>Par Value</i>	<i>Fair Value</i>	<i>% of Fund</i>
Fannie Mae, Hybrid ARM (United States)				Concho Resources, Inc. (United States)			
2.914%, 1/8/44	USD 43,283	\$44,136	0.0	4.875%, 1/10/47	USD 1,150,000	\$1,259,556	0.4
3.012%, 1/8/44	USD 384,465	392,583	0.1	Cox Enterprises, Inc. (United States)			
3.097%, 1/6/47	USD 14,704,938	14,975,523	4.4	8.375%, 1/3/39	USD 2,430,000	3,416,969	1.0
Freddie Mac, Hybrid ARM (United States)				Dell Technologies, Inc. (United States)			
2.72%, 1/11/44	USD 341,588	347,336	0.1	4.42%, 15/6/21	USD 75,000	78,144	0.0
2.674%, 1/1/45	USD 501,342	508,563	0.2	5.45%, 15/6/23	USD 1,100,000	1,188,536	0.4
2.736%, 1/10/45	USD 2,100,526	2,123,976	0.6	Ford Motor Credit Co. LLC <sup>(e)</sup> (United States)			
2.73%, 1/5/46	USD 541,637	547,479	0.2	5.875%, 2/8/21	USD 3,100,000	3,403,790	1.0
Freddie Mac Gold, 30 Year (United States)				Grupo Televisa SAB (Mexico)			
4.50%, 8/1/44—8/1/47	USD 20,425,593	21,718,073	6.4	8.50%, 11/3/32	USD 1,230,000	1,631,262	0.5
		<u>49,641,982</u>	<u>14.6</u>	6.125%, 31/1/46	USD 1,300,000	1,537,873	0.5
		<u>66,775,888</u>	<u>19.7</u>	HCA Holdings, Inc. (United States)			
		<b>83,020,560</b>	<b>24.5</b>	4.75%, 1/5/23	USD 4,075,000	4,197,250	1.2
<b>CORPORATE: 38.9% [50.4%]</b>				Imperial Brands PLC (United Kingdom)			
<b>FINANCIALS: 10.9% [12.7%]</b>				3.75%, 21/7/22	USD 750,000	774,956	0.2
Bank of America Corp. (United States)				4.25%, 21/7/25	USD 3,325,000	3,485,590	1.0
4.25%, 22/10/26	USD 2,950,000	3,107,971	0.9	Kinder Morgan, Inc. (United States)			
6.625%, 23/5/36 <sup>(d)</sup>	USD 260,000	336,700	0.1	6.95%, 15/1/38	USD 5,575,000	6,927,124	2.0
Barclays PLC (United Kingdom)				LafargeHolcim, Ltd. (Switzerland)			
4.836%, 9/5/28	USD 3,250,000	3,381,793	1.0	7.125%, 15/7/36	USD 500,000	656,287	0.2
BNP Paribas SA (France)				4.75%, 22/9/46	USD 2,600,000	2,752,080	0.8
4.375%, 28/9/25	USD 3,250,000	3,395,148	1.0	Macy's, Inc. (United States)			
Boston Properties, Inc. (United States)				6.90%, 1/4/29	USD 115,000	121,319	0.0
3.85%, 1/2/23	USD 3,200,000	3,333,221	1.0	6.70%, 15/7/34	USD 1,000,000	1,046,067	0.3
Capital One Financial Corp. (United States)				Millicom International Cellular SA (Luxembourg)			
3.75%, 24/4/24	USD 2,425,000	2,490,728	0.7	5.125%, 15/1/28	USD 3,400,000	3,400,000	1.0
Citigroup, Inc. (United States)				Molex Electronic Technologies LLC <sup>(e)</sup> (United States)			
7.75%, 30/10/40 <sup>(d)</sup>	USD 3,095,000	3,394,596	1.0	2.878%, 15/4/20	USD 300,000	300,048	0.1
HSBC Holdings PLC (United Kingdom)				MTN Group, Ltd. (South Africa)			
5.75%, 20/12/27	GBP 1,575,000	2,675,349	0.8	4.755%, 11/11/24	USD 1,700,000	1,688,950	0.5
6.00%, 29/3/40	GBP 1,400,000	2,608,034	0.8	Naspers, Ltd. (South Africa)			
JPMorgan Chase & Co. (United States)				5.50%, 21/7/25	USD 1,050,000	1,143,416	0.3
4.25%, 1/10/27	USD 3,200,000	3,400,126	1.0	4.85%, 6/7/27	USD 5,400,000	5,599,346	1.7
Lloyds Banking Group PLC (United Kingdom)				RELX PLC (United Kingdom)			
4.50%, 4/11/24	USD 800,000	839,248	0.3	3.125%, 15/10/22	USD 300,000	302,250	0.1
4.65%, 24/3/26	USD 4,000,000	4,222,557	1.2	Telecom Italia SPA (Italy)			
Navient Corp. (United States)				7.175%, 18/6/19	USD 2,450,000	2,600,062	0.8
8.45%, 15/6/18	USD 375,000	384,562	0.1	6.375%, 24/6/19	GBP 400,000	579,713	0.2
Royal Bank of Scotland Group PLC (United Kingdom)				7.721%, 4/6/38	USD 2,600,000	3,354,000	1.0
6.125%, 15/12/22	USD 150,000	164,391	0.1	The Kraft Heinz Co. (United States)			
6.00%, 19/12/23	USD 2,900,000	3,199,691	0.9	3.50%, 6/6/22	USD 1,600,000	1,637,010	0.5
		<u>36,934,115</u>	<u>10.9</u>	TransCanada Corp. (Canada)			
<b>INDUSTRIALS: 25.5% [33.5%]</b>				5.625%, 20/5/75 <sup>(d)</sup>	USD 800,000	842,000	0.2
AT&T, Inc. (United States)				5.30%, 15/3/77 <sup>(d)</sup>	USD 4,875,000	5,027,344	1.5
4.50%, 9/3/48	USD 7,104,000	6,650,405	2.0	Twenty-First Century Fox, Inc. (United States)			
Becton, Dickinson and Co. (United States)				6.65%, 15/11/37	USD 2,525,000	3,470,509	1.0
2.894%, 6/6/22	USD 3,400,000	3,378,305	1.0	Ultrapar Participacoes SA (Brazil)			
Cemex SAB de CV (Mexico)				5.25%, 6/10/26	USD 1,600,000	1,629,152	0.5
7.75%, 16/4/26	USD 3,700,000	4,190,250	1.2	Verizon Communications, Inc. (United States)			
Charter Communications, Inc. (United States)				5.012%, 15/4/49	USD 3,350,000	<u>3,510,295</u>	<u>1.0</u>
6.75%, 15/6/39	USD 700,000	839,345	0.2			<u>86,760,909</u>	<u>25.5</u>
6.484%, 23/10/45	USD 3,555,000	4,141,706	1.2				

The accompanying notes are an integral part of the financial statements.

**PORTFOLIO OF INVESTMENTS**  
**GLOBAL BOND FUND**

31 December 2017

	<i>Par Value</i>	<i>Fair Value</i>	<i>% of Fund</i>
<b>UTILITIES: 2.5% [4.2%]</b>			
Dominion Energy, Inc. (United States) 5.75%, 1/10/54 <sup>(d)</sup>	USD 775,000	\$837,000	0.3
Enel SPA (Italy) 6.00%, 7/10/39	USD 2,775,000	3,450,264	1.0
The Southern Co. (United States) 5.50%, 15/3/57 <sup>(d)</sup>	USD 3,950,000	4,187,988	1.2
		<u>8,475,252</u>	<u>2.5</u>
		<u>132,170,276</u>	<u>38.9</u>
<b>TOTAL DEBT SECURITIES</b>	<b>321,119,220</b>		<b>94.6</b>

**SHORT-TERM INVESTMENTS: 5.9% [2.1%]**

	<i>Par Value</i>	<i>Fair Value</i>	<i>% of Fund</i>
<b>COMMERCIAL PAPER: 2.9% [Nil]</b>			
Anthem, Inc. (United States) 2/2/18	USD 3,250,000	3,245,955	1.0
Dominion Energy, Inc. (United States) 19/1/18	USD 3,250,000	3,247,514	1.0
Mondelez International, Inc. (United States) 2/2/18	USD 3,250,000	3,245,638	0.9
		<u>9,739,107</u>	<u>2.9</u>

**REPURCHASE AGREEMENT: 3.0% [2.1%]**

State Street Repurchase Agreement <sup>(f)</sup> 0.05%, dated 29/12/17, due 2/1/18, maturity value \$10,386,058	USD 10,386,000	10,386,000	3.0
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**TOTAL SHORT-TERM INVESTMENTS** 20,125,107 5.9

**TOTAL INVESTMENTS EXCLUDING FINANCIAL DERIVATIVE INSTRUMENTS: 100.5% [99.4%]**

**341,244,327 100.5**

**FINANCIAL DERIVATIVE INSTRUMENTS: 0.5% [0.4%]**

**FUTURES CONTRACTS: 0.0% [0.1%]**

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Notional Amount</i>	<i>Unrealised Gain (Loss)</i>	<i>% of Fund</i>
10 Year U.S. Treasury Note—Short Position	245	Mar 2018	(\$30,391,484)	183,342	0.0
Euro-Bund Future—Short Position	50	Mar 2018	(9,699,582)	83,389	0.0
Ultra Long Term U.S. Treasury Bond—Short Position	45	Mar 2018	(7,544,531)	(26,719)	0.0
Unrealised gain on futures contracts				266,731	0.0
Unrealised loss on futures contracts				(26,719)	0.0
<b>Net unrealised gain (loss) on futures contracts</b>				<u>240,012</u>	<u>0.0</u>

**CENTRALLY CLEARED INTEREST RATE SWAPS<sup>(e)</sup>: 0.0% [(0.2%)]**

<i>Notional Amount</i>	<i>Expiration Date</i>	<i>Fixed Rate</i>	<i>Upfront Payments (Receipts) Value</i>	<i>Unrealised Gain (Loss)</i>	<i>% of Fund</i>
<b>Pay Fixed (Semi-Annually) / Receive USD LIBOR 3-Month (Quarterly):</b>					
\$5,830,000	21/3/28	2.250%	\$101,317	\$105,995	(\$4,678) 0.0
900,000	29/7/45	2.774	(45,819)	—	(45,819) 0.0
4,690,000	21/3/48	2.500	83,051	77,305	5,746 0.0
Unrealised gain on interest rate swaps					5,746 0.0
Unrealised loss on interest rate swaps					(50,497) 0.0
<b>Net unrealised gain (loss) on interest rate swaps</b>					<u>(44,751) 0.0</u>

**CURRENCY FORWARD CONTRACTS: (0.1%) [0.5%]**

<i>Counterparty</i>	<i>Settle Date</i>	<i>Receive USD</i>	<i>Deliver Non-USD</i>	<i>Unrealised Gain (Loss)</i>	<i>% of Fund</i>
<b>Contracts to sell EUR:</b>					
Barclays	10/1/18	488,840	425,000	(21,309)	0.0
Barclays	10/1/18	578,816	500,000	(21,359)	0.0
Barclays	14/2/18	1,667,656	1,400,000	(16,197)	0.0
Barclays	25/4/18	2,582,514	2,200,000	(75,671)	0.0
Barclays	25/4/18	2,827,632	2,400,000	(72,206)	0.0
JPMorgan	25/4/18	4,415,869	3,750,000	(115,129)	(0.1)
<b>Contracts to sell GBP:</b>					
Barclays	10/1/18	485,307	375,000	(21,109)	0.0
Barclays	14/3/18	1,086,404	820,000	(23,246)	0.0
Citibank	25/4/18	4,273,210	3,200,000	(63,923)	0.0
<b>Contracts to sell INR:</b>					
Barclays	31/1/18	5,546,995	360,000,000	(75,909)	0.0
<b>Contracts to sell JPY:</b>					
Barclays	16/1/18	581,491	65,000,000	4,294	0.0
Citibank	16/1/18	2,737,234	310,000,000	(15,550)	0.0
Citibank	22/1/18	2,782,194	315,000,000	(15,801)	0.0
Goldman Sachs	22/1/18	532,222	60,000,000	(730)	0.0
Barclays	13/2/18	1,799,160	195,000,000	65,224	0.0
JPMorgan	20/3/18	3,310,878	375,000,000	(29,930)	0.0
Credit Suisse	10/5/18	6,671,868	750,000,000	(30,392)	0.0

<i>Counterparty</i>	<i>Settle Date</i>	<i>Deliver USD</i>	<i>Receive Non-USD</i>	<i>Unrealised Gain (Loss)</i>	<i>% of Fund</i>
<b>Contracts to buy EUR:</b>					
Barclays	10/1/18	302,769	250,000	(2,681)	0.0
Barclays	10/1/18	325,196	275,000	4,900	0.0
<b>Contracts to buy INR:</b>					
Barclays	31/1/18	5,503,746	360,000,000	119,159	0.0
Unrealised gain on currency forward contracts				193,577	0.0
Unrealised loss on currency forward contracts				(601,142)	(0.1)
<b>Net unrealised gain (loss) on currency forward contracts</b>				<u>(407,565)</u>	<u>(0.1)</u>

**CURRENCY FORWARD CONTRACTS—SHARE CLASS HEDGING: 0.6% [0.0%]**

<i>Counterparty</i>	<i>Settle Date</i>	<i>Deliver USD</i>	<i>Receive Non-USD</i>	<i>Unrealised Gain (Loss)</i>	<i>% of Fund</i>
<b>Contracts to buy EUR:</b>					
State Street	31/1/18	16,207	13,593	129	0.0
State Street	31/1/18	16,133	13,531	128	0.0
State Street	31/1/18	1,753,650	1,470,754	13,882	0.0
State Street	31/1/18	1,753,879	1,470,945	13,884	0.0
<b>Contracts to buy GBP:</b>					
State Street	31/1/18	2,117,139	1,577,544	14,705	0.0
State Street	31/1/18	276,955,138	206,411,831	1,983,515	0.6
<b>Net unrealised gain (loss) on currency forward contracts—share class hedging</b>				<u>2,026,243</u>	<u>0.6</u>

**TOTAL FINANCIAL DERIVATIVE INSTRUMENTS**

1,813,939 0.5

The accompanying notes are an integral part of the financial statements.

	<i>Fair Value</i>	<i>% of Fund</i>
TOTAL INVESTMENTS: 101.0% [99.8%]	\$343,058,266	101.0
OTHER ASSETS LESS LIABILITIES: (1.0%) [0.2%]	(3,494,088)	(1.0)
<b>NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS:</b>		
100.0% [100.0%]	<u>\$339,564,178</u>	<u>100.0</u>

- (a) Amounts in brackets represent allocations at 31 December 2016.  
 (b) Inflation-linked  
 (c) Amount includes 0.6% allocation to Auto Loans.  
 (d) Hybrid security  
 (e) Subsidiary (see below)  
 (f) Repurchase agreement is collateralised by U.S. Treasury Note 2.125%, 30/9/21. Total collateral value is \$10,596,273.  
 (g) CME is the clearinghouse and Goldman Sachs is the clearing broker.

Debt securities are grouped by parent company unless otherwise noted. Actual securities may be issued by the listed parent company or one of its subsidiaries. In determining a parent company's country designation, the Fund generally references the country of incorporation.

For currency forward contracts, the listed counterparty may be the parent company or one of its subsidiaries.

- ARM: Adjustable Rate Mortgage  
 CMO: Collateralised Mortgage Obligation  
 GDN: Global Depository Note  
 GO: General Obligation  
 REMIC: Real Estate Mortgage Investment Conduit  
 RB: Revenue Bond
- ARS: Argentine Peso  
 COP: Colombian Peso  
 EUR: Euro  
 GBP: British Pound  
 IDR: Indonesian Rupiah  
 INR: Indian Rupee  
 JPY: Japanese Yen  
 MXN: Mexican Peso  
 PEN: Peruvian Sol  
 PLN: Polish Zloty  
 USD: United States Dollar

<b>ANALYSIS OF TOTAL ASSETS (unaudited)</b>	<i>% of Total Assets</i>
Transferable securities dealt in on a regulated market	94.5
Short-term securities	3.0
Financial derivative instruments dealt in on a regulated market	0.1
Over the counter financial derivative instruments	0.6
Other assets	1.8
	<u>100.0</u>

*The accompanying notes are an integral part of the financial statements.*

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## STATEMENT OF FINANCIAL POSITION

U.S. Dollars (\$)	Note	Global Stock Fund		International Stock Fund	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
<b>ASSETS</b>					
Cash	1(j)	\$813	\$627,201	\$2,430	\$1,722
Cash held at broker	1(d,e,f)	6,528,379	2,360,717	–	–
<b>Financial assets at fair value through profit or loss:</b>					
Investments at fair value, excluding financial derivative instruments	1(b)	3,172,521,171	2,442,046,295	77,698,999	66,932,892
Unrealised gain on futures contracts	1(d)	852,900	–	–	–
Unrealised gain on interest rate swaps	1(e)	–	–	–	–
Unrealised gain on currency forward contracts	1(f,l)	196,893	8,627,333	8,700	390,250
<b>Debtors:</b>					
Dividends receivable		3,135,286	2,855,046	121,616	145,673
Interest receivable		–	–	–	–
Receivable for investments sold		45,813,888	1,390,767	516,905	48,561
Receivable for fund shares subscribed		2,773,607	7,747,616	29,644	–
Receivable from Investment Manager	9	–	–	38,659	50,231
<b>TOTAL ASSETS</b>		<u>3,231,822,937</u>	<u>2,465,654,975</u>	<u>78,416,953</u>	<u>67,569,329</u>
<b>LIABILITIES</b>					
Cash received from broker	1(f)	–	–	–	–
<b>Financial liabilities at fair value through profit or loss:</b>					
Unrealised loss on futures contracts	1(d)	–	(363,209)	–	–
Unrealised loss on interest rate swaps	1(e)	–	–	–	–
Unrealised loss on currency forward contracts	1(f,l)	(10,016,223)	–	(365,618)	–
<b>Creditors, amounts falling due within one year:</b>					
Bank overdraft	1(j)	–	–	–	–
Payable for investments purchased		(35,846,560)	(1,210,072)	(871,994)	–
Payable for fund shares redeemed		(139,061)	(1,340,243)	(550,958)	(47,588)
Distribution payable		(301,512)	(193,565)	–	–
Management fee payable	9	(3,132,996)	(2,342,538)	(74,065)	(66,971)
Deferred capital gains tax		(1,292,930)	–	(36,027)	–
Other accrued expenses		(420,248)	(349,666)	(100,983)	(91,846)
<b>TOTAL LIABILITIES</b>		<u>(51,149,530)</u>	<u>(5,799,293)</u>	<u>(1,999,645)</u>	<u>(206,405)</u>
<b>NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS</b>	1(k)	<u>\$3,180,673,407</u>	<u>\$2,459,855,682</u>	<u>\$76,417,308</u>	<u>\$67,362,924</u>

On behalf of the Board of Directors

/s/ William W. Strickland

Director

21 March 2018

/s/ Rosemary E. Quinlan

Director

The accompanying notes are an integral part of the financial statements.

<i>U.S. Stock Fund</i>		<i>Global Bond Fund</i>		<i>Total Company</i>	
<i>31 December 2017</i>	<i>31 December 2016</i>	<i>31 December 2017</i>	<i>31 December 2016</i>	<i>31 December 2017</i>	<i>31 December 2016</i>
\$1,143	\$988	\$2,356	\$-	\$6,742	\$629,911
867,263	635,267	938,458	323,694	8,334,100	3,319,678
928,107,354	537,397,912	341,244,327	53,713,649	4,519,571,851	3,100,090,748
284,175	-	266,731	52,843	1,403,806	52,843
-	-	5,746	3,854	5,746	3,854
42,400	-	2,219,820	271,666	2,467,813	9,289,249
740,175	452,217	-	-	3,997,077	3,452,936
-	-	3,806,967	632,525	3,806,967	632,525
677,537	651,007	1,480,006	274,562	48,488,336	2,364,897
25,825,441	3,753,011	2,000	-	28,630,692	11,500,627
1,408	42,729	128,378	72,111	168,445	165,071
<u>956,546,896</u>	<u>542,933,131</u>	<u>350,094,789</u>	<u>55,344,904</u>	<u>4,616,881,575</u>	<u>3,131,502,339</u>
-	-	(2,970,000)	-	(2,970,000)	-
-	(108,314)	(26,719)	(21,299)	(26,719)	(492,822)
-	-	(50,497)	(98,767)	(50,497)	(98,767)
(231)	-	(601,142)	(566)	(10,983,214)	(566)
-	-	-	(51,119)	-	(51,119)
(212,632)	(1,234,729)	(6,396,803)	(939,631)	(43,327,989)	(3,384,432)
(2,023,862)	(2,317,341)	-	-	(2,713,881)	(3,705,172)
(501,957)	(317,592)	(4,821)	(3,017)	(808,290)	(514,174)
(891,812)	(478,307)	(279,783)	(35,380)	(4,378,656)	(2,923,196)
-	-	(19,852)	-	(1,348,809)	-
(187,578)	(139,712)	(180,994)	(138,476)	(889,803)	(719,700)
<u>(3,818,072)</u>	<u>(4,595,995)</u>	<u>(10,530,611)</u>	<u>(1,288,255)</u>	<u>(67,497,858)</u>	<u>(11,889,948)</u>
<b><u>\$952,728,824</u></b>	<b><u>\$538,337,136</u></b>	<b><u>\$339,564,178</u></b>	<b><u>\$54,056,649</u></b>	<b><u>\$4,549,383,717</u></b>	<b><u>\$3,119,612,391</u></b>

## STATEMENT OF COMPREHENSIVE INCOME

U.S. Dollars (\$)	Note	Global Stock Fund		International Stock Fund	
		year ended		year ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
<b>INCOME</b>					
Dividends	1(h)	\$48,800,156	\$39,594,597	\$1,633,121	\$1,665,169
Interest	1(h)	67,917	3,712	574	54
		<u>48,868,073</u>	<u>39,598,309</u>	<u>1,633,695</u>	<u>1,665,223</u>
<b>Net gain (loss) on investments at fair value</b>	1(b,g)				
<b>Net realised gain (loss) on:</b>					
Investments		165,824,570	67,090,313	3,884,392	76,984
Futures contracts	1(d)	12,125,535	7,660,921	230,296	–
Interest rate swaps	1(e)	–	–	–	–
Currency forward contracts	1(f)	(975,203)	3,133,973	(29,652)	119,975
Currency forward contracts – share class hedging	1(l)	4,091	–	–	–
Foreign currency transactions		(240,703)	(200,441)	35,438	(1,739)
<b>Net change in unrealised gain (loss) on:</b>					
Investments		375,272,085	236,372,612	11,654,213	3,591,822
Futures contracts	1(d)	1,216,109	(363,209)	–	–
Interest rate swaps	1(e)	–	–	–	–
Currency forward contracts	1(f)	(18,450,103)	7,607,466	(747,168)	381,302
Currency forward contracts – share class hedging	1(l)	3,440	–	–	–
Foreign currency translation		55,293	(9,659)	7,805	181
		<u>534,835,114</u>	<u>321,291,976</u>	<u>15,035,324</u>	<u>4,168,525</u>
<b>TOTAL INCOME (LOSS)</b>		<b>583,703,187</b>	<b>360,890,285</b>	<b>16,669,019</b>	<b>5,833,748</b>
<b>EXPENSES</b>					
Management fees	9	(17,562,165)	(12,453,624)	(435,703)	(388,289)
Depositary and administration fees		(1,628,572)	(1,272,723)	(74,857)	(79,735)
Transfer agency fees		(120,526)	(76,233)	(20,909)	(20,319)
Professional services		(102,147)	(98,022)	(74,844)	(74,567)
Directors' fees	9	(21,250)	(15,823)	(21,250)	(15,823)
Other expenses		(347,380)	(328,298)	(86,765)	(87,300)
		<u>(19,782,040)</u>	<u>(14,244,723)</u>	<u>(714,328)</u>	<u>(666,033)</u>
<b>TOTAL OPERATING EXPENSES, before reimbursement</b>		<b>(19,782,040)</b>	<b>(14,244,723)</b>	<b>(714,328)</b>	<b>(666,033)</b>
Expense reimbursement	9	77	–	206,009	213,486
		<u>(19,781,963)</u>	<u>(14,244,723)</u>	<u>(508,319)</u>	<u>(452,547)</u>
<b>TOTAL OPERATING EXPENSES, after reimbursement</b>		<b>(19,781,963)</b>	<b>(14,244,723)</b>	<b>(508,319)</b>	<b>(452,547)</b>
<b>OPERATING PROFIT (LOSS)</b>		<b>563,921,224</b>	<b>346,645,562</b>	<b>16,160,700</b>	<b>5,381,201</b>
<b>Finance costs (excluding fund share transactions)</b>					
Distributions to redeemable shareholders	1(h)	(1,033,830)	(641,395)	–	–
		<u>(1,033,830)</u>	<u>(641,395)</u>	<u>–</u>	<u>–</u>
<b>PROFIT (LOSS) AFTER DISTRIBUTIONS AND BEFORE TAX</b>					
Capital gains tax	3	(1,292,918)	–	(36,514)	–
Withholding tax	3	(8,101,773)	(6,888,324)	(146,583)	(142,635)
		<u>(9,494,691)</u>	<u>(6,888,324)</u>	<u>(183,097)</u>	<u>(142,635)</u>
<b>PROFIT (LOSS) AFTER DISTRIBUTIONS AND TAX</b>		<b>553,426,533</b>	<b>339,757,238</b>	<b>15,977,603</b>	<b>5,238,566</b>
<b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS RESULTING FROM OPERATIONS</b>					
		<u>\$553,426,533</u>	<u>\$339,757,238</u>	<u>\$15,977,603</u>	<u>\$5,238,566</u>

The accompanying notes are an integral part of the financial statements.

<i>U.S. Stock Fund</i>		<i>Global Bond Fund</i>		<i>Total Company</i>	
<i>year ended</i>		<i>year ended</i>		<i>year ended</i>	
<i>31 December 2017</i>	<i>31 December 2016</i>	<i>31 December 2017</i>	<i>31 December 2016</i>	<i>31 December 2017</i>	<i>31 December 2016</i>
\$13,864,736	\$8,329,813	\$59,015	\$31,683	\$64,357,028	\$49,621,262
<u>14,083</u>	<u>918</u>	<u>4,049,498</u>	<u>1,471,419</u>	<u>4,132,072</u>	<u>1,476,103</u>
13,878,819	8,330,731	4,108,513	1,503,102	68,489,100	51,097,365
20,883,024	20,644,534	212,401	(1,005,493)	190,804,387	86,806,338
3,954,760	1,148,505	(375,178)	(63,640)	15,935,413	8,745,786
–	–	(111,517)	(48,691)	(111,517)	(48,691)
–	–	(169,043)	123,422	(1,173,898)	3,377,370
(23,978)	–	2,221,864	(483,732)	2,201,977	(483,732)
<u>(39,135)</u>	<u>26,986</u>	<u>(19,773)</u>	<u>(8,963)</u>	<u>(264,173)</u>	<u>(184,157)</u>
90,037,148	55,127,497	2,799,966	2,074,998	479,763,412	297,166,929
392,489	(108,314)	208,468	20,871	1,817,066	(450,652)
–	–	50,162	18,437	50,162	18,437
–	–	(652,947)	234,164	(19,850,218)	8,222,932
42,169	–	2,000,525	56,441	2,046,134	56,441
<u>670</u>	<u>1,519</u>	<u>11,463</u>	<u>4,932</u>	<u>75,231</u>	<u>(3,027)</u>
115,247,147	76,840,727	6,176,391	922,746	671,293,976	403,223,974
<u>129,125,966</u>	<u>85,171,458</u>	<u>10,284,904</u>	<u>2,425,848</u>	<u>739,783,076</u>	<u>454,321,339</u>
(4,202,411)	(2,335,403)	(517,486)	(164,153)	(22,717,765)	(15,341,469)
(377,656)	(222,668)	(121,664)	(84,872)	(2,202,749)	(1,659,998)
(185,672)	(114,667)	(49,525)	(49,501)	(376,632)	(260,720)
(94,080)	(88,447)	(111,385)	(99,510)	(382,456)	(360,546)
(21,250)	(15,823)	(21,250)	(15,823)	(85,000)	(63,292)
<u>(174,934)</u>	<u>(125,179)</u>	<u>(156,044)</u>	<u>(151,301)</u>	<u>(765,123)</u>	<u>(692,078)</u>
(5,056,003)	(2,902,187)	(977,354)	(565,160)	(26,529,725)	(18,378,103)
153,190	178,674	484,420	367,813	843,696	759,973
<u>(4,902,813)</u>	<u>(2,723,513)</u>	<u>(492,934)</u>	<u>(197,347)</u>	<u>(25,686,029)</u>	<u>(17,618,130)</u>
124,223,153	82,447,945	9,791,970	2,228,501	714,097,047	436,703,209
(1,392,439)	(1,118,318)	(1,627,080)	(198,082)	(4,053,349)	(1,957,795)
122,830,714	81,329,627	8,164,890	2,030,419	710,043,698	434,745,414
–	–	(19,852)	–	(1,349,284)	–
<u>(3,697,188)</u>	<u>(2,268,441)</u>	<u>(42,979)</u>	<u>(1,668)</u>	<u>(11,988,523)</u>	<u>(9,301,068)</u>
119,133,526	79,061,186	8,102,059	2,028,751	696,705,891	425,444,346
<u>\$119,133,526</u>	<u>\$79,061,186</u>	<u>\$8,102,059</u>	<u>\$2,028,751</u>	<u>\$696,705,891</u>	<u>\$425,444,346</u>

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE  
TO REDEEMABLE SHAREHOLDERS**

U.S. Dollars (\$)	Note	Global Stock Fund		International Stock Fund	
		year ended		year ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Increase (decrease) in net assets attributable to redeemable shareholders resulting from operations		\$553,492,703	\$339,115,843	\$15,977,603	\$5,238,566
<b>FUND SHARE TRANSACTIONS</b>					
Proceeds from fund shares subscribed	5	952,869,701	389,864,283	16,597,220	1,540,197
Cost of fund shares redeemed	5	(785,544,679)	(221,124,806)	(23,520,439)	(7,027,149)
<b>Net increase (decrease) from fund share transactions</b>		<u>167,325,022</u>	<u>168,739,477</u>	<u>(6,923,219)</u>	<u>(5,486,952)</u>
<b>Total increase (decrease) in net assets attributable to redeemable shareholders</b>		720,817,725	507,855,320	9,054,384	(248,386)
<b>NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS</b>					
Beginning of year		<u>2,459,855,682</u>	<u>1,952,000,362</u>	<u>67,362,924</u>	<u>67,611,310</u>
End of year		<u>\$3,180,673,407</u>	<u>\$2,459,855,682</u>	<u>\$76,417,308</u>	<u>\$67,362,924</u>

The accompanying notes are an integral part of the financial statements.

<u>U.S. Stock Fund</u>		<u>Global Bond Fund</u>		<u>Total Company</u>	
<i>year ended</i>		<i>year ended</i>		<i>year ended</i>	
<i>31 December 2017</i>	<i>31 December 2016</i>	<i>31 December 2017</i>	<i>31 December 2016</i>	<i>31 December 2017</i>	<i>31 December 2016</i>
\$119,133,526	\$79,061,186	\$8,102,059	\$2,028,751	\$696,705,891	\$425,444,346
520,913,707 <u>(225,655,545)</u>	248,997,982 <u>(156,910,596)</u>	277,595,061 <u>(189,591)</u>	25,171,364 <u>(9,581,599)</u>	1,767,975,689 <u>(1,034,910,254)</u>	665,573,826 <u>(394,644,150)</u>
<u>295,258,162</u>	<u>92,087,386</u>	<u>277,405,470</u>	<u>15,589,765</u>	<u>733,065,435</u>	<u>270,929,676</u>
414,391,688	171,148,572	285,507,529	17,618,516	1,429,771,326	696,374,022
<u>538,337,136</u>	<u>367,188,564</u>	<u>54,056,649</u>	<u>36,438,133</u>	<u>3,119,612,391</u>	<u>2,423,238,369</u>
<u>\$952,728,824</u>	<u>\$538,337,136</u>	<u>\$339,564,178</u>	<u>\$54,056,649</u>	<u>\$4,549,383,717</u>	<u>\$3,119,612,391</u>

## STATEMENT OF CASH FLOWS

U.S. Dollars (\$)	Global Stock Fund		International Stock Fund	
	year ended		year ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
<b>Cash flows from operating activities</b>				
Increase (decrease) in net assets attributable to redeemable shareholders resulting from operations	\$553,492,703	\$339,115,843	\$15,977,603	\$5,238,566
Adjustments for:				
Dividend and interest income	(48,868,073)	(39,598,309)	(1,633,695)	(1,665,223)
Distributions to redeemable shareholders	1,033,830	641,395	–	–
Withholding tax	8,101,773	6,888,324	146,583	142,635
Capital gains tax	1,292,918	–	36,514	–
Changes in:				
Cash held at broker	(4,167,662)	(2,360,717)	–	–
Cash received from broker	–	–	–	–
Financial assets at fair value through profit or loss	(722,897,336)	(497,683,004)	(10,384,557)	117,517
Debtors, excluding dividends receivable, interest receivable, and receivable for fund shares subscribed	(44,423,121)	547,515	(456,772)	63,825
Financial liabilities at fair value through profit or loss	9,653,014	207,547	365,618	(33,481)
Creditors, excluding payable for fund shares redeemed, distribution payable, and deferred capital gains tax	35,497,540	(2,230,978)	888,225	(4,901,472)
	(211,284,414)	(194,472,384)	4,939,519	(1,037,633)
Dividends and interest received	40,486,060	32,389,874	1,511,169	1,502,046
Capital gains tax paid	–	–	(487)	–
Net cash provided by (used in) operating activities	(170,798,354)	(162,082,510)	6,450,201	464,413
<b>Cash flows from financing activities</b>				
Distributions to redeemable shareholders	(925,883)	(605,465)	–	–
Proceeds from fund shares subscribed	957,843,710	384,046,735	16,567,576	6,340,197
Cost of fund shares redeemed	(786,745,861)	(220,736,555)	(23,017,069)	(6,979,561)
Net cash provided by (used in) financing activities	170,171,966	162,704,715	(6,449,493)	(639,364)
<b>Net increase (decrease) in cash</b>	(626,388)	622,205	708	(174,951)
Cash at beginning of year	627,201	4,996	1,722	176,673
<b>Cash at end of year</b>	<b>\$813</b>	<b>\$627,201</b>	<b>\$2,430</b>	<b>\$1,722</b>

The accompanying notes are an integral part of the financial statements.

<i>U.S. Stock Fund</i>		<i>Global Bond Fund</i>		<i>Total Company</i>	
<i>year ended</i>		<i>year ended</i>		<i>year ended</i>	
<i>31 December 2017</i>	<i>31 December 2016</i>	<i>31 December 2017</i>	<i>31 December 2016</i>	<i>31 December 2017</i>	<i>31 December 2016</i>
\$119,133,526	\$79,061,186	\$8,102,059	\$2,028,751	\$696,705,891	\$425,444,346
(13,878,819)	(8,330,731)	(4,108,513)	(1,503,102)	(68,489,100)	(51,097,365)
1,392,439	1,118,318	1,627,080	198,082	4,053,349	1,957,795
3,697,188	2,268,441	42,979	1,668	11,988,523	9,301,068
–	–	19,852	–	1,349,284	–
(231,996)	(635,267)	(614,764)	(65,579)	(5,014,422)	(3,061,563)
–	–	2,970,000	–	2,970,000	–
(391,036,017)	(169,565,473)	(289,694,612)	(17,728,413)	(1,414,012,522)	(684,859,373)
14,791	(611,899)	(1,261,711)	(288,294)	(46,126,813)	(288,853)
(108,083)	108,314	557,726	(45,316)	10,468,275	237,064
(560,726)	791,556	5,744,093	559,081	41,569,132	(5,781,813)
(281,577,697)	(95,795,555)	(276,615,811)	(16,843,122)	(764,538,403)	(308,148,694)
9,893,673	6,000,133	891,092	1,394,606	52,781,994	41,286,659
–	–	–	–	(487)	–
(271,684,024)	(89,795,422)	(275,724,719)	(15,448,516)	(711,756,896)	(266,862,035)
(1,208,074)	(940,661)	(1,625,276)	(195,153)	(3,759,233)	(1,741,279)
498,841,277	245,909,143	277,593,061	25,171,364	1,750,845,624	661,467,439
(225,949,024)	(155,174,288)	(189,591)	(9,581,599)	(1,035,901,545)	(392,472,003)
271,684,179	89,794,194	275,778,194	15,394,612	711,184,846	267,254,157
155	(1,228)	53,475	(53,904)	(572,050)	392,122
988	2,216	(51,119)	2,785	578,792	186,670
<u>\$1,143</u>	<u>\$988</u>	<u>\$2,356</u>	<u>(\$51,119)</u>	<u>\$6,742</u>	<u>\$578,792</u>

## NOTES TO FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### **(a) Basis of Preparation**

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union, the provisions of the Companies Act, the UCITS Regulations, and the Central Bank UCITS Regulations. The financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. Certain prior year comparative figures have been reclassified to conform to the current year presentation.

The preparation of financial statements in conformity with IFRSs requires the Directors and their delegates to make certain accounting estimates and assumptions. Actual results may differ from those estimates and assumptions. It also requires the Directors and their delegates to exercise judgment in the process of applying the Company’s accounting policies. Critical accounting estimates and judgments are set forth in Note 2.

#### **(i) Standards, amendments, and interpretations effective 1 January 2017**

Amendments to IAS 7, “Statement of Cash Flows” became effective for annual periods beginning on or after 1 January 2017. These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the Company’s financial statements.

There are no other accounting standards, amendments to existing standards, or interpretations that are effective for annual periods beginning on 1 January 2017 that have a material effect on the Company’s financial statements.

#### **(ii) Standards, amendments, and interpretations effective after 1 January 2017 and not early adopted**

IFRS 9, “Financial Instruments” addresses the classification, measurement, and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for reporting periods beginning on or after 1 January 2018. On adoption of IFRS 9, the financial instruments listed in the Funds’ Portfolios of Investments will continue to be classified as financial assets or financial liabilities at fair value through profit or loss. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Company’s financial statements.

In addition to the above, a number of new accounting standards, amendments to existing standards, and interpretations are effective for annual periods beginning after 1 January 2017 and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the Company’s financial statements.

#### **(b) Financial Instruments at Fair Value Through Profit or Loss**

##### **(i) Classification**

All instruments listed in the Funds’ Portfolios of Investments are classified as financial assets or financial liabilities at fair value through profit or loss. The Funds’ equity and debt securities are classified as financial assets designated at fair value through profit or loss at inception. The Funds’ financial derivative instruments are classified as financial assets or financial liabilities held for trading.

##### **(ii) Recognition/Derecognition of Investments**

Purchases and sales of investments are recognised on trade date, the date on which a Fund commits to purchase or sell the investment. Investments are initially recognised at fair value. Subsequent to initial recognition, all investments continue to be classified at fair value through profit or loss, and the changes in fair value are recognised as unrealised gain (loss) on investments in the Statement of Comprehensive Income.

Investments are derecognised when the rights to receive cash flows from the investments have expired or a Fund has transferred substantially all risks and rewards of ownership. Realised gains and losses on sales of investments are calculated based on the average cost of the investment in local currency and are recognised as realised gain (loss) on investments in the Statement of Comprehensive Income.

##### **(iii) Determination of Net Asset Value**

For the purpose of determining dealing prices, the net asset value of each Fund and/or each share class is calculated as of the normally scheduled close of trading on the New York Stock Exchange (“NYSE”), normally 4 p.m. Eastern Time, on each Dealing Day as set out in the Prospectus.

##### **(iv) Fair Value Estimation**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value of financial assets and liabilities traded in active markets is generally based on quoted market prices at the close of trading on the reporting date. In circumstances where a price is not within the bid-ask spread, Dodge & Cox (the “Investment Manager”) will determine the point within the bid-ask spread that is most representative of fair value. The fair value of financial assets and liabilities that are not traded in active markets is determined using valuation techniques.

Listed securities are generally valued using the official quoted close price or the last sale price on the exchange that is determined to be the primary market for the security. Debt securities and non-exchange traded derivatives are valued based on prices received from independent pricing services which utilise dealer quotes, recent transaction data, pricing models, and other inputs to arrive at market-based valuations. Pricing models may consider quoted prices for similar securities, interest rates, cash flows (including prepayment speeds), and credit risk. Exchange-traded derivatives are valued at the settlement price

determined by the relevant exchange. Currency forward contracts are valued based on the prevailing forward exchange rates of the underlying currencies. Other financial instruments for which market quotes are readily available are valued at market value.

If market quotations or market-based valuations are not readily available or if normal valuation procedures produce valuations that are deemed unreliable or inappropriate under the circumstances existing at the time, the investment will be valued at such value as is certified with care and good faith as the probable realisable value of the investment by a competent professional person appointed by the Directors and approved for such purpose by the Depositary, which may include the Investment Manager. The Investment Manager has established a pricing committee (the "Pricing Committee") that is comprised of representatives from Treasury, Legal, Compliance, and Operations. The Pricing Committee oversees the Investment Manager's valuation process, including determining the fair value of securities and other investments when necessary. The Pricing Committee considers relevant indications of value that are reasonably available to it in determining the fair value assigned to a particular security, such as the value of similar financial instruments, trading volumes, contractual restrictions on disposition, related corporate actions, and changes in economic conditions. In doing so, the Pricing Committee employs various methods for calibrating fair valuation approaches, including a regular review of key inputs and assumptions, backtesting, and review of any related market activity.

As trading in securities on most non-U.S. exchanges is normally completed before the close of the NYSE, the value of many non-U.S. securities can change by the time a Fund's securities are valued. To address these changes, the Funds may utilise adjustment factors provided by an independent pricing service to systematically value non-U.S. securities at fair value. These adjustment factors are based on statistical analyses of subsequent movements and changes in U.S. markets and financial instruments trading in U.S. markets that represent non-U.S. securities or baskets of securities.

Valuing securities through a fair value determination involves greater reliance on judgment than valuation of securities based on readily available market quotations. In some instances, lack of information and uncertainty as to the significance of information may lead to a conclusion that a prior valuation is the best indication of a security's value. When fair value pricing is employed, a Fund's value for a security may differ from quoted or published prices for the same security.

#### **(c) Repurchase Agreements**

Each Fund enters into repurchase agreements, which involve the purchase of securities from a counterparty. As part of the transaction, the counterparty agrees to repurchase the underlying securities at the same price, plus specified interest, and at an agreed-upon date. Repurchase agreements are secured by collateral, typically U.S. government or agency securities, as disclosed in each Fund's Portfolio of Investments. Repurchase agreements are used as short-term cash management vehicles.

#### **(d) Futures Contracts**

Futures contracts involve an obligation to purchase or sell (depending on whether a Fund has entered a long or short futures contract, respectively) an asset at a future date, at a price set at the time of the contract. Upon entering into a futures contract, a Fund is required to deposit an amount of cash or liquid assets (referred to as initial margin) in a segregated account with the clearing broker. Subsequent payments (referred to as variation margin) to and from the clearing broker are made on a daily basis based on changes in the market value of each futures contract. Changes in the market value of open futures contracts are recorded as unrealised gain (loss) in the Statement of Comprehensive Income. Realised gains and losses on futures contracts are recorded in the Statement of Comprehensive Income at the closing or expiration of the contracts. Cash deposited with a clearing broker is recorded as cash held at broker in the Statement of Financial Position. Investments in futures contracts may involve certain risks, which may be different from, and potentially greater than, those of the underlying securities. To the extent a Fund uses futures contracts, it is exposed to additional volatility and potential losses resulting from leverage. U.S. Treasury futures contracts and Euro-Bund futures contracts are used in connection with the management of portfolio interest rate exposure. Equity index futures contracts are used to help maintain a more fully invested portfolio.

#### **(e) Interest Rate Swaps**

Interest rate swaps are agreements that obligate two parties to exchange a series of cash flows at specified payment dates calculated by reference to specified interest rates, such as an exchange of floating rate payments for fixed rate payments. Upon entering into a centrally cleared interest rate swap, a Fund is required to post an amount of cash or liquid assets (referred to as initial margin) in a segregated account with the clearing broker. Subsequent payments (referred to as variation margin) to and from the clearing broker are made on a daily basis based on changes in the market value of each interest rate swap. Changes in the market value of open interest rate swaps are recorded as unrealised gain (loss) in the Statement of Comprehensive Income. Realised gains and losses on interest rate swaps are recorded in the Statement of Comprehensive Income, both upon the exchange of cash flows on each specified payment date and upon the closing or expiration of the swaps. Cash deposited with a clearing broker is recorded as cash held at broker in the Statement of Financial Position. Unrealised gain (loss) on interest rate swaps includes interest receivable/payable. Investments in interest rate swaps may involve certain risks including unfavorable changes in interest rates, or a default or failure by the clearing broker or clearinghouse. Interest rate swaps are used in connection with the management of portfolio interest rate exposure.

#### **(f) Currency Forward Contracts**

Currency forward contracts, over-the-counter derivatives ("OTC Derivatives"), represent an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract. Changes in the value of open contracts are recorded as unrealised gain (loss) in the Statement of Comprehensive Income. When a currency forward contract

## NOTES TO FINANCIAL STATEMENTS

is closed, a Fund records a realised gain (loss) in the Statement of Comprehensive Income equal to the difference between the value at the time the contract was opened and the value at the time it was closed. Losses from these transactions may arise from unfavorable changes in currency values or if the counterparties do not perform under a contract's terms. Cash collateral pledged or held by the Funds for currency forward contracts is recorded as cash held at/ (received from) broker in the Statement of Financial Position. Currency forward contracts are used to hedge direct and/or indirect currency exposure associated with certain portfolio positions, or as a substitute for direct investment in a market. In addition, currency forward contracts are used for share class hedging purposes.

### **(g) Foreign Currency Translation**

Each Fund's (and the Company's) functional and presentation currency is the U.S. dollar. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities, including investments at fair value, are translated into the functional currency at the prevailing exchange rates as of the valuation date. Reported realised and unrealised gain (loss) on investments in the Statement of Comprehensive Income includes foreign currency gain (loss) related to investment transactions. Reported realised and unrealised gain (loss) on foreign currency transactions and translation in the Statement of Comprehensive Income include the following: disposing/ holding of foreign currency, the difference between the trade and settlement dates on securities transactions and fund share transactions, the difference between the accrual and payment dates on dividends and interest, and currency losses on the purchase of foreign currency in certain countries that impose taxes on such transactions.

### **(h) Income, Expenses, and Distributions**

Dividend income and corporate action transactions are typically recorded on the ex-dividend date. Dividends characterised as return of capital are recorded as a reduction to the cost of investments and/or realised gain. Interest income is recognised using the effective interest method.

Expenses are recorded on the accrual basis, with the exception of transaction costs relating to the purchase or sale of financial instruments which are charged as incurred. Certain expenses of the Company can be directly attributed to a specific Fund. Expenses which cannot be directly attributed are allocated among the Funds using methodologies determined by the nature of the expense.

Distributions from Distributing Share Classes are recorded on the ex-dividend date and reported as a finance cost in the Statement of Comprehensive Income. Details of the Company's distribution policy are set forth in Note 14.

### **(i) Transaction Costs**

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. When a financial asset or financial liability is recognised initially, the Company measures it at its fair value through profit or loss, plus costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs on the purchase or sale of financial assets or financial liabilities are expensed as incurred and included in net gain (loss) on investments at fair value in the Statement of Comprehensive Income. Separately identifiable transaction costs are disclosed in Note 12. Custody and sub-custody transaction costs are included in depositary and administration fees in the Statement of Comprehensive Income and are not separately disclosed.

### **(j) Cash and Bank Balances**

Cash and bank balances are held with State Street Bank and Trust Company (United States) and are stated at face value. Cash includes U.S. dollars and foreign currency. Bank overdrafts, if any, are classified as liabilities.

### **(k) Redeemable Shares**

Redeemable shares can be redeemed at a shareholder's option and are classified as financial liabilities. Redeemable shares can be put back to a Fund on any Dealing Day for cash equal to a proportionate share of the net asset value of the relevant share class. The liability for redeemable shares is presented in the Statement of Financial Position as "net assets attributable to redeemable shareholders".

### **(l) Hedged Share Classes**

Hedged share classes, indicated by the inclusion of "(H)" in the name of the share class, seek to provide shareholders with performance returns similar to the share class denominated in a Fund's Base Currency. The Investment Manager may employ techniques, generally currency forward contracts, to minimise these share classes' exposure to changes in exchange rates between a Fund's Base Currency and the share class currency. While the Investment Manager may attempt to hedge against such currency exposure, there can be no guarantee that the value of the hedged share classes will not be affected by the value of a Fund's Base Currency relative to the share class currency. Any costs and gains or losses related to share class hedging transactions are borne by the relevant hedged share classes. The use of share class hedging strategies may substantially limit shareholders in hedged share classes from benefiting if the share class currency falls against a Fund's Base Currency. The costs of administering class-level hedging are included in other expenses in the Statement of Comprehensive Income.

### **(m) Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

### **Valuation**

Valuation procedures may involve certain estimation methods and valuation models when market quotations or market-based valuations are not available or are unrepresentative. Detailed information on valuation procedures is set forth in Note 1(b)(iv).

### **Functional Currency**

The Directors consider the U.S. dollar the currency that most faithfully represents the economic effect of the

## NOTES TO FINANCIAL STATEMENTS

underlying transactions, events, and conditions of each Fund. The U.S. dollar is the currency in which each Fund (and the Company) measures its performance and reports its results.

### 3. TAXATION

Under current Irish law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. Accordingly, it is not generally chargeable to Irish tax on its income or capital gains. However, Irish tax can arise on the happening of a chargeable event in the Company. A chargeable event includes any distribution payment to shareholders, any encashment, repurchase, redemption, transfer, or cancellation of shares, and the holding of shares at the end of each eight-year period beginning with the acquisition of such shares. No Irish tax will arise in respect of chargeable events in respect of a shareholder who is an Exempt Irish Resident or who is neither resident nor ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided, in each case, that an appropriate valid declaration in accordance with the provisions of the Taxes Consolidation Act, 1997 (as amended) is held by the Company.

The Funds are subject to taxes which may be imposed by certain countries in which the Funds invest. The Funds endeavor to record such taxes based on applicable tax law. Withholding taxes are incurred on certain dividends or receipts and are accrued at the time the associated dividend or interest income is recorded. Capital gains taxes are incurred upon the disposition of certain appreciated securities and accrued based on unrealised gains in those securities. The Funds file withholding tax reclaims in certain jurisdictions to recover a portion of amounts previously withheld. The Funds record a reclaim receivable based on, among other things, a jurisdiction's legal obligation to pay reclaims as well as payment history and market convention.

### 4. EXCHANGE RATES

The exchange rates used by the Funds for conversion to U.S. dollars, the functional currency, at 31 December were:

	2017	2016
Argentine Peso	18.6250	n/a
Brazilian Real	3.3171	n/a
British Pound	0.7407	0.8114
Canadian Dollar	1.2570	1.3427
Chilean Peso	615.4000	n/a
Chinese Renminbi	6.5140	6.9730

	31 December 2017		31 December 2016		31 December 2015	
	Net Asset Value	NAV per Share	Net Asset Value	NAV per Share	Net Asset Value	NAV per Share
<b>Global Stock Fund</b>						
USD Accumulating Class	\$1,044,050,161	\$22.03	\$641,523,309	\$18.14	\$470,117,158	\$15.53
GBP Accumulating Class	£1,094,595,670	£26.84	£1,225,011,159	£24.22	£847,986,950	£17.33
GBP Distributing Class	£201,550,322	£19.23	£73,607,276	£17.46	£40,459,818	£12.60
GBP Distributing Class (H)	£362,161	£11.94	n/a	n/a	n/a	n/a
EUR Accumulating Class	€270,159,058	€27.57	€166,791,001	€25.89	€123,075,048	€21.46
CAD Accumulating Class	C\$77,885,678	C\$26.13	C\$56,851,385	C\$22.92	C\$53,110,797	C\$20.22

	2017	2016
Colombian Peso	2,984.4400	3,002.0000
Euro	0.8334	0.9500
Hong Kong Dollar	7.8129	7.7545
Indian Rupee	63.8275	67.8700
Indonesian Rupiah	13,567.5000	n/a
Japanese Yen	112.6750	116.8750
Mexican Peso	19.6625	20.7297
Norwegian Krona	8.2106	8.6354
Peruvian Sol	3.2425	3.3560
Polish Zloty	3.4810	n/a
Russian Ruble	57.6250	61.3450
South African Rand	12.3725	13.7338
South Korean Won	1,070.5500	1,207.8000
Swedish Krona	8.2031	9.1106
Swiss Franc	0.9745	1.0183
Thai Baht	32.5900	35.8105
Turkish Lira	3.7905	3.5269

### 5. SHARE CAPITAL

#### Redeemable Shares

The Directors are empowered to issue up to 500 billion shares of no par value in the Company at the net asset value per share on such terms as they see fit.

Each of the shares entitles the holder to participate equally on a pro rata basis in the net assets and dividends of a Fund attributable to such shares and to attend and vote at meetings of the Company and of the Fund represented by those shares except in cases where a dividend is declared prior to the holder's subscription into a Fund. No class of shares confers on the holder thereof any preferential or preemptive rights or any rights to participate in the profits and dividends of any other class of shares or any voting rights in relation to matters relating solely to any other class of shares.

The Company has a minimum capital requirement of €300,000. The Administrator monitors the Company's capital on a daily basis, under the oversight of the Directors. The Company has obtained from the Investment Manager an undertaking in writing to provide additional capital in the event the Company's capital falls below the required minimum.

The share capital of the Company is at all times equal to the net asset value of the Company. Net assets attributable to redeemable shareholders represent a liability carried at the redemption amounts that would be payable at the date of the Statement of Financial Position if the shareholders exercised the right to redeem the shares in a Fund. Net assets attributable to redeemable shareholders were as follows:

## NOTES TO FINANCIAL STATEMENTS

	31 December 2017		31 December 2016		31 December 2015	
	Net Asset Value	NAV per Share	Net Asset Value	NAV per Share	Net Asset Value	NAV per Share
<b>International Stock Fund</b>						
USD Accumulating Class	\$74,919,536	\$17.81	\$66,138,872	\$14.35	\$66,618,767	\$13.23
EUR Accumulating Class	€1,248,300	€17.48	€1,162,829	€16.05	€913,313	€14.33
<b>U.S. Stock Fund</b>						
USD Accumulating Class	\$473,378,703	\$25.51	\$227,388,881	\$21.69	\$171,311,092	\$17.78
GBP Accumulating Class	£165,772,564	£29.39	£100,156,349	£27.38	£58,376,846	£18.77
GBP Distributing Class	£164,433,714	£18.39	£127,601,944	£17.26	£70,442,326	£11.93
GBP Distributing Class (H)	£4,419,919	£11.57	n/a	n/a	n/a	n/a
EUR Accumulating Class	€22,964,791	€27.57	€28,745,518	€26.73	€5,495,510	€21.23
<b>Global Bond Fund</b>						
USD Accumulating Class	\$50,764,434	\$10.77	\$46,205,604	\$9.95	\$29,247,876	\$9.15
GBP Distributing Class	£1,127,090	£11.84	£1,041,884	£12.42	£624,797	£9.92
GBP Distributing Class (H)	£208,532,126	£9.33	£1,173,483	£9.01	£1,084,475	£8.66
EUR Accumulating Class	€897,641	€12.45	€1,115,360	€13.11	€841,231	€11.67
EUR Accumulating Class (H)	€1,489,283	€10.33	€1,402,112	€9.73	€1,307,565	€9.07
EUR Distributing Class	€897,749	€10.94	€944,875	€11.95	€841,232	€11.05
EUR Distributing Class (H)	€1,489,413	€9.07	€1,402,352	€8.85	€1,307,602	€8.58

The movements in the number of shares during the years ended 31 December 2017 and 31 December 2016 were as follows:

	Balance at 31 December 2016	Shares Issued	Shares Redeemed	Balance at 31 December 2017
<b>Global Stock Fund</b>				
USD Accumulating Class	35,356,566	21,524,301	(9,480,450)	47,400,417
GBP Accumulating Class	50,577,998	3,913,488	(13,707,512)	40,783,974
GBP Distributing Class	4,215,345	7,433,737	(1,167,338)	10,481,744
GBP Distributing Class (H)	–	30,339	–	30,339
EUR Accumulating Class	6,443,248	4,889,802	(1,533,281)	9,799,769
CAD Accumulating Class	2,479,922	2,947,380	(2,446,579)	2,980,723
<b>International Stock Fund</b>				
USD Accumulating Class	4,607,705	966,195	(1,367,912)	4,205,988
EUR Accumulating Class	72,433	6,663	(7,670)	71,426
<b>U.S. Stock Fund</b>				
USD Accumulating Class	10,484,206	11,731,335	(3,657,943)	18,557,598
GBP Accumulating Class	3,658,162	3,474,106	(1,492,297)	5,639,971
GBP Distributing Class	7,391,213	3,140,433	(1,590,817)	8,940,829
GBP Distributing Class (H)	–	386,833	(4,857)	381,976
EUR Accumulating Class	1,075,584	1,434,094	(1,676,750)	832,928
<b>Global Bond Fund</b>				
USD Accumulating Class	4,644,154	67,244	–	4,711,398
GBP Distributing Class	83,913	11,861	(545)	95,229
GBP Distributing Class (H)	130,242	22,225,133	(65)	22,355,310
EUR Accumulating Class	85,089	–	(13,009)	72,080
EUR Accumulating Class (H)	144,160	–	–	144,160
EUR Distributing Class	79,097	2,965	–	82,062
EUR Distributing Class (H)	158,427	5,859	–	164,286
	Balance at 31 December 2015	Shares Issued	Shares Redeemed	Balance at 31 December 2016
<b>Global Stock Fund</b>				
USD Accumulating Class	30,275,128	13,217,930	(8,136,492)	35,356,566
GBP Accumulating Class	48,938,071	4,816,769	(3,176,842)	50,577,998
GBP Distributing Class	3,209,900	1,066,536	(61,091)	4,215,345
GBP Distributing Class (H)	n/a	n/a	n/a	n/a
EUR Accumulating Class	5,735,641	990,039	(282,432)	6,443,248
CAD Accumulating Class	2,626,672	5,500	(152,250)	2,479,922

## NOTES TO FINANCIAL STATEMENTS

	Balance at 31 December 2015	Shares Issued	Shares Redeemed	Balance at 31 December 2016
<b>International Stock Fund</b>				
USD Accumulating Class	5,035,599	107,001	(534,895)	4,607,705
EUR Accumulating Class	63,723	8,710	–	72,433
<b>U.S. Stock Fund</b>				
USD Accumulating Class	9,632,415	4,997,259	(4,145,468)	10,484,206
GBP Accumulating Class	3,110,435	1,587,327	(1,039,600)	3,658,162
GBP Distributing Class	5,902,550	3,959,291	(2,470,628)	7,391,213
GBP Distributing Class (H)	n/a	n/a	n/a	n/a
EUR Accumulating Class	258,854	998,225	(181,495)	1,075,584
<b>Global Bond Fund</b>				
USD Accumulating Class	3,197,752	2,498,648	(1,052,246)	4,644,154
GBP Distributing Class	63,013	21,364	(464)	83,913
GBP Distributing Class (H)	125,186	5,062	(6)	130,242
EUR Accumulating Class	72,080	13,009	–	85,089
EUR Accumulating Class (H)	144,160	–	–	144,160
EUR Distributing Class	76,113	2,984	–	79,097
EUR Distributing Class (H)	152,362	6,065	–	158,427

The U.S. dollar equivalent amounts associated with the above share movements during the years ended 31 December 2017 and 31 December 2016 were as follows:

	2017		2016	
	Subscriptions	Redemptions	Subscriptions	Redemptions
<b>Global Stock Fund</b>				
USD Accumulating Class	\$434,048,769	(\$196,741,666)	\$214,513,094	(\$126,164,973)
GBP Accumulating Class	129,083,909	(467,520,922)	129,356,616	(85,090,087)
GBP Distributing Class	183,021,908	(28,810,850)	20,618,546	(1,286,599)
GBP Distributing Class (H)	461,679	–	n/a	n/a
EUR Accumulating Class	149,861,448	(46,861,505)	25,296,751	(6,268,507)
CAD Accumulating Class	56,391,988	(45,609,736)	79,276	(2,314,640)
<b>International Stock Fund</b>				
USD Accumulating Class	16,463,178	(23,386,336)	1,410,454	(7,027,149)
EUR Accumulating Class	134,042	(134,103)	129,743	–
<b>U.S. Stock Fund</b>				
USD Accumulating Class	273,054,305	(86,445,935)	103,193,052	(76,566,901)
GBP Accumulating Class	124,950,749	(54,213,884)	46,525,977	(29,962,185)
GBP Distributing Class	73,503,537	(35,844,335)	71,379,992	(46,041,042)
GBP Distributing Class (H)	5,866,688	(69,680)	n/a	n/a
EUR Accumulating Class	43,538,428	(49,081,712)	27,898,961	(4,340,468)
<b>Global Bond Fund</b>				
USD Accumulating Class	722,000	–	24,524,613	(9,574,517)
GBP Distributing Class	190,193	(8,634)	322,051	(7,016)
GBP Distributing Class (H)	276,583,154	(783)	59,622	(66)
EUR Accumulating Class	–	(180,174)	169,462	–
EUR Accumulating Class (H)	–	–	–	–
EUR Distributing Class	38,734	–	37,137	–
EUR Distributing Class (H)	60,980	–	58,479	–

### Subscriber Shares

The subscriber share capital of the Company is €2 divided into 2 subscriber shares of no par value. The subscriber shares do not participate in the assets of any Fund nor do they form part of the net asset value of the Company. Holders of subscriber shares are not entitled to dividends or any surplus of assets over liabilities upon the winding-up of the Company. They are disclosed in the financial statements by way of this note only.

### 6. SOFT COMMISSION ARRANGEMENTS

The Investment Manager's objective in selecting broker-dealers and effecting portfolio transactions in securities is to seek best execution. The Investment Manager may receive research and brokerage services from broker-dealers with which it effects transactions. The research services received may be produced by the broker-dealer effecting the trade ("proprietary research"), or by a third party that is not involved in effecting the trade ("third

## NOTES TO FINANCIAL STATEMENTS

party research"). The receipt of broker-dealer or third party research and information and related services permits the Investment Manager to supplement its own research and analysis and provides access to the views and information of individuals and the research staffs of other firms. The Investment Manager believes that the research and brokerage services provided by broker-dealers and their ability to achieve quality execution are important for, and assist the Investment Manager in fulfilling its overall responsibilities to, its clients, including the Company.

### 7. CROSS LIABILITY

The Company is an umbrella fund with segregated liability between sub-funds, and under Irish law the Company generally will not be liable as a whole to third parties and there generally will not be the potential for cross liability between the Funds. Notwithstanding the foregoing, there can be no assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Funds would necessarily be upheld. In addition, whether or not there is a cross-liability between Funds, proceedings involving a Fund could involve the Company as a whole, which could potentially affect the operations of all Funds.

### 8. EFFICIENT PORTFOLIO MANAGEMENT

The Funds may employ investment techniques and instruments for efficient portfolio management purposes, subject to the conditions and within the limits laid down by the Central Bank and the Prospectus. Such investment techniques and instruments are used when the Investment Manager considers them to be economically appropriate in order to seek to reduce risk, reduce costs, or generate additional capital or income for the Funds with an appropriate level of risk.

The Funds enter into repurchase agreements for efficient portfolio management purposes. During the year ended 31 December 2017, the total interest income arising from repurchase agreements was \$51,448 (2016: \$6,389) for the Company. Transaction costs are embedded in the price of the instruments and are not separately identifiable.

### 9. TRANSACTIONS WITH RELATED PARTIES

#### *Investment Manager*

Dodge & Cox has been appointed to act as investment manager of the Company and the Funds. The Company, on behalf of and out of the assets of each Fund, pays investment management fees, which are accrued daily and paid monthly in arrears at the annual rates set out below:

<b>Fund</b>	<b>% of average daily net asset value of each class of each Fund</b>
Global Stock Fund	0.60%
International Stock Fund	0.60%
U.S. Stock Fund	0.60%
Global Bond Fund	0.50%

At 31 December 2017, the Funds had payables to the Investment Manager for accrued management fees, which are reflected as management fee payable in the Statement of Financial Position.

During the year ended 31 December 2017, the Investment Manager voluntarily agreed to limit aggregate annual ordinary expenses of the Funds to the rates set out below:

<b>Fund</b>	<b>% of average daily net asset value of each class of each Fund</b>
Global Stock Fund	0.70%
International Stock Fund	0.70%
U.S. Stock Fund	0.70%
Global Bond Fund	
Prior to 1 May 2017	0.60%
Effective 1 May 2017	0.45%

As a result, during the year ended 31 December 2017, the Investment Manager reimbursed expenses to the Funds in the amounts disclosed in the Statement of Comprehensive Income. At 31 December 2017, the Funds had receivables from the Investment Manager for reimbursed expenses, which are reflected as receivable from Investment Manager in the Statement of Financial Position.

At 31 December 2017, the Investment Manager owned 12% (2016: 61%) of the outstanding shares of the Global Bond Fund.

#### *Directors*

The Articles of Association provide that the Directors shall be entitled to a fee by way of remuneration for their services at a rate to be determined from time to time by the Directors. It is expected that the aggregate amount of Directors' remuneration in any one year shall not exceed €120,000. In addition, all of the Directors are entitled to be reimbursed out of the assets of each Fund for their reasonable out-of-pocket expenses incurred in discharging their duties as Directors.

For the year ended 31 December 2017, the non-affiliated Directors each received €25,000 (2016: €25,000 or a pro-rata portion thereof) in consideration of agreeing to act as a director of the Company. The Company had no fees payable to the non-affiliated Directors at 31 December 2017 or 2016. The Directors affiliated with the Investment Manager do not receive Directors' fees.

The following Directors held shares (all USD Accumulating Class Shares) in the Funds at 31 December 2017: Diana S. Strandberg held 500,000 (2016: 500,000) shares in the Global Stock Fund and 697,018 (2016: 697,018) shares in the U.S. Stock Fund, and Thomas M. Mistele held 100,000 (2016: 100,000) shares in the Global Stock Fund and 199,404 (2016: 199,404) shares in the U.S. Stock Fund.

### 10. SIGNIFICANT AGREEMENTS

#### *Auditors' Remuneration*

For the year ended 31 December 2017, remuneration for all work carried out for the Company by the statutory audit firm in relation to the audit of the Company's financial statements amounted to \$117,057 (2016: \$106,799), including out-of-pocket expenses. For the same period, remuneration for all non-audit work carried out for the Company by the statutory audit firm amounted to \$108,123 (2016: \$118,285). There were no other fees paid/payable to the statutory audit firm.

## NOTES TO FINANCIAL STATEMENTS

### 11. LINE OF CREDIT

The Company has a committed credit facility (“Line of Credit”) with State Street Bank and Trust Company, to be utilised on a temporary basis in order to fund shareholder redemptions or for other short-term liquidity purposes. The maximum amount available on the Line of Credit is \$45,000,000, and the amount utilised by a Fund may not exceed 10% of the Fund’s net assets. Each Fund pays an annual commitment fee on its pro-rata portion of the Line of Credit, which is included in other expenses in the Statement of Comprehensive Income. Interest on borrowings is charged at the prevailing rate. There were no borrowings on the Line of Credit during the year ended 31 December 2017 or 2016.

### 12. TRANSACTION COSTS

In order to achieve its investment objective, a Fund incurs transaction costs in relation to trading activity on its portfolio. These costs may include broker commissions, settlement fees, stamp duties, and financial transaction taxes. During the year ended 31 December 2017, the Global Stock Fund, International Stock Fund, U.S. Stock Fund, and Global Bond Fund incurred separately identifiable transaction costs in the amounts of \$1,673,434 (2016: \$1,533,620), \$66,273 (2016: \$39,165), \$85,839 (2016: \$52,636), and \$3,249 (2016: \$1,145), respectively. For some financial instruments, such as debt securities, repurchase agreements, and currency forward contracts, transaction costs are embedded in the price of the instruments and are not separately identifiable.

### 13. RISK MANAGEMENT POLICIES AND PROCEDURES

In accordance with IFRS 7, the following is a description of how the Company manages risks associated with the use of financial instruments.

#### *Policies and Procedures*

While the Directors collectively have responsibility for monitoring risk management, the Directors have delegated the permanent risk management function to the Investment Manager’s Risk Management Committee (the “Committee”). The Committee is composed of management from key functions across the Investment Manager. The objective of the Committee is not to eliminate risk, but rather to seek to evaluate the risks faced by the Investment Manager. The Committee’s purpose is to:

- evaluate the key risks of the Investment Manager and the manner in which the risks are identified, measured, monitored, and communicated including setting escalation points requiring communication to senior management and/or the Investment Manager’s board of directors;
- validate that adequate policies and procedures are in place to understand and, where appropriate, mitigate the risks to which the Investment Manager’s affiliates and clients are exposed, including but not limited to portfolio management, liquidity, valuation, operational, legal, regulatory, and reputational risks; and
- assess from multiple perspectives the risks associated with new investment instruments, strategies, and products.

The Committee (acting as a whole and/or through its designees, as applicable) is responsible for ensuring that each Fund is managed within the guidelines set out by the Directors, each Fund’s investment objective, and the provisions of the Prospectus. On a quarterly basis, and more frequently as required, the Directors receive reports and presentations from the Investment Manager detailing each Fund’s risk profile and investment performance.

The main risks arising from the Company’s use of financial instruments are market risk, liquidity risk, and credit risk. These risks are discussed in the following notes and qualitative and quantitative analyses are provided where relevant. Other risk considerations are set forth in the Prospectus.

#### *Global Exposure*

Under the UCITS Regulations, the Investment Manager is required to employ a risk management process which enables it to accurately monitor and manage the global exposure of the Funds to financial derivative instruments (“FDI”) (which are a subset of the financial instruments in which the Funds invest). The Investment Manager uses the commitment approach to measure the global exposure of the Funds. The commitment approach is a methodology that aggregates the underlying market or notional values of FDI. In accordance with the UCITS Regulations, global exposure of a Fund to FDI must not exceed 100% of a Fund’s net asset value.

#### *Market Risk*

Market risk is the risk that the fair value or future cash flows of a Fund’s financial instruments will decline due to changes in market prices, and includes price risk, currency risk, and interest rate risk. The Investment Manager’s strategy for managing market risk is driven by the investment objectives and policies of the Funds.

#### *(i) Price Risk*

Price risk is the risk that the fair value or future cash flows of a Fund’s financial instruments will decline due to changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or their issuers or by factors affecting all similar financial instruments traded in the market. The Funds are exposed to price risk arising from their investments in financial instruments.

The Investment Manager’s risk management efforts are focused on mitigating the risk of a permanent loss of capital, rather than trying to mitigate the impact of shorter-term price movements. Indeed, short-term volatility can provide the opportunity to purchase or sell a security at attractive valuations. The Investment Manager attempts to mitigate the risk of a permanent loss of capital at both the individual security level and the portfolio level. At the individual security level, the Investment Manager follows a disciplined approach to security selection, involving:

- **a strict price discipline.** We seek to invest in companies with valuations that do not fully reflect prospects for the company and where our analysis suggests the possibility of more positive developments. We constantly weigh valuation against company fundamentals and re-evaluate our thinking as prices change.

## NOTES TO FINANCIAL STATEMENTS

- **independent research.** Each security is selected based on extensive bottom-up research and fundamental analysis.
- **long-term investment horizon.** Investments are selected based on their return potential over a three- to five-year time horizon. A longer time horizon focuses the research process on the investment's underlying fundamentals.
- **collective judgment.** Each Fund is managed by an investment committee which makes investment decisions after a thorough review process. A group decision-making process allows for the discussion, evaluation, and vetting of a broad set of issues and ideas, and reduces the reliance on any one person.
- **ongoing review.** Fund holdings are reviewed on an ongoing basis. Individual security positions are discussed weekly at investment committee meetings. An investment committee may decide to gradually increase or decrease positions based on

new information or price changes.

At the portfolio level, the Investment Manager mitigates risk through diversification by investing in a portfolio of securities across various industry sectors and/or regions. The Investment Manager monitors compliance with investment restrictions, including restrictions on investment concentrations, as set forth in the Prospectus. Individual security and sector concentrations are disclosed in each Fund's Portfolio of Investments.

The Funds are actively managed using a bottom-up approach to security selection and do not intend to closely track a benchmark. However, the Investment Manager periodically reviews each Fund's performance, characteristics, and sector and/or regional diversification relative to its relevant benchmark index (the "Index"), and reports such information to the Directors. The regional diversification of each Fund compared to the Index was as follows:

Global Stock Fund <i>Region Diversification*</i> (%)	31 December 2017		31 December 2016	
	Global Stock Fund	MSCI World Index	Global Stock Fund	MSCI World Index
United States	43.5	59.2	49.4	60.1
Europe (ex United Kingdom)	23.0	17.0	20.3	16.2
United Kingdom	11.0	6.6	8.9	6.7
Pacific (ex Japan)	9.1	4.5	9.0	4.4
Latin America	4.4	0.0	4.0	0.0
Africa/Middle East	3.7	0.3	3.7	0.3
Canada	1.7	3.5	0.0	3.6
Japan	1.2	8.9	1.5	8.7

International Stock Fund <i>Region Diversification*</i> (%)	31 December 2017		31 December 2016	
	International Stock Fund	MSCI EAFE Index	International Stock Fund	MSCI EAFE Index
Europe (ex United Kingdom)	41.9	45.7	39.6	44.8
United Kingdom	15.4	17.8	13.3	18.3
Pacific (ex Japan)	12.5	12.0	13.4	12.1
Japan	10.0	24.0	12.0	24.1
Latin America	7.3	0.0	6.9	0.0
Africa/Middle East	6.1	0.5	5.2	0.7
United States	3.7	0.0	6.1	0.0
Canada	2.9	0.0	2.0	0.0

U.S. Stock Fund <i>Non-U.S. Securities*</i> (%)	31 December 2017		31 December 2016	
	U.S. Stock Fund	S&P 500 Index	U.S. Stock Fund	S&P 500 Index
Non-U.S. Securities not in the S&P 500 Index	4.4	0.0	4.5	0.0

Global Bond Fund <i>Region Diversification*</i> (%)	31 December 2017		31 December 2016	
	Global Bond Fund	Bloomberg Barclays Global Aggregate Bond Index	Global Bond Fund	Bloomberg Barclays Global Aggregate Bond Index
United States	47.1	38.6	49.5	39.2
Latin America	19.6	1.1	21.2	1.1
Europe (ex United Kingdom)	6.9	26.6	8.3	25.2
United Kingdom	6.4	5.7	6.8	5.6
Japan	5.4	16.6	4.1	17.4
Pacific (ex Japan)	5.0	5.3	2.4	5.1
Africa/Middle East	2.5	0.6	3.0	0.9
Canada	1.7	3.3	2.0	3.3
Other	0.0	2.2	0.0	2.2

\* The Funds may classify a company or an issuer in a different category than the Index. The Funds generally classify a company or a corporate issuer based on country of incorporation, but may designate a different country in certain circumstances.

## NOTES TO FINANCIAL STATEMENTS

The table below summarises the sensitivity of each Fund's net assets to price movements at 31 December. The analysis is based on the largest percentage decrease in day-over-day price levels of the Index during the years presented and assumes the Index movement is a reasonable proxy for a Fund's movement. An increase in day-over-day price levels of the Index of the same magnitude would have resulted in an equal but opposite effect on each Fund's net assets.

	Year ended 31 December 2017	Year ended 31 December 2016
<b>Global Stock Fund</b>		
Largest day-over-day decrease in the MSCI World Index	(1.2%)	(4.9%)
Effect on the Fund's net assets**	(\$38,168,081)	(\$120,532,928)
<b>International Stock Fund</b>		
Largest day-over-day decrease in the MSCI EAFE Index	(1.5%)	(7.1%)
Effect on the Fund's net assets**	(\$1,146,260)	(\$4,782,768)
<b>U.S. Stock Fund</b>		
Largest day-over-day decrease in the S&P 500 Index	(1.8%)	(3.6%)
Effect on the Fund's net assets**	(\$17,149,119)	(\$19,380,137)
<b>Global Bond Fund</b>		
Largest day-over-day decrease in the Bloomberg Barclays Global Aggregate Bond Index	(0.9%)	(1.6%)
Effect on the Fund's net assets**	(\$3,056,078)	(\$864,906)

\*\* This sensitivity analysis has limitations. It represents a hypothetical outcome that is not intended to be predictive.

### (ii) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a Fund's financial instruments will decline due to changes in exchange rates. The Funds are exposed to currency risk to the extent that their assets and liabilities are not denominated in U.S. dollars, each Fund's Base Currency. The Funds have indirect exposure to currency risk to the extent they invest in securities of issuers exposed to currency risk. Monetary assets and liabilities of a Fund include cash, receivable and payable balances, currency forward contracts used for investment purposes, and debt securities. Non-monetary assets of a Fund include equity securities.

The direct non-U.S. dollar currency exposures for the monetary and non-monetary assets and liabilities (net of any currency forward contracts used for hedging purposes) held by the Global Stock Fund, International Stock Fund, and Global Bond Fund were as follows:

Global Stock Fund	31 December 2017				31 December 2016			
	Net Monetary Exposure	Net Non-Monetary Exposure	Total Net Exposure	% of Net Assets	Net Monetary Exposure	Net Non-Monetary Exposure	Total Net Exposure	% of Net Assets
<b>Currency</b>								
Euro	\$503,500	\$326,562,905	\$327,066,405	10.3%	\$444,341	\$263,530,470	\$263,974,811	10.7%
British Pound	632,151	254,510,723	255,142,874	8.0	15,710	176,114,700	176,130,410	7.2
Swiss Franc	–	163,677,734	163,677,734	5.1	–	117,974,758	117,974,758	4.8
Chinese Renminbi	–	(158,176,931)	(158,176,931)	(5.0)	–	(127,982,094)	(127,982,094)	(5.2)
Other	601,199	436,635,902	437,237,101	13.8	1,108,044	306,254,392	307,362,436	12.5
<b>Total</b>	<b>\$1,736,850</b>	<b>\$1,023,210,333</b>	<b>\$1,024,947,183</b>	<b>32.2%</b>	<b>\$1,568,095</b>	<b>\$735,892,226</b>	<b>\$737,460,321</b>	<b>30.0%</b>
<b>International Stock Fund</b>								
	31 December 2017				31 December 2016			
<b>Currency</b>	Net Monetary Exposure	Net Non-Monetary Exposure	Total Net Exposure	% of Net Assets	Net Monetary Exposure	Net Non-Monetary Exposure	Total Net Exposure	% of Net Assets
Euro	\$95,052	\$16,288,672	\$16,383,724	21.5%	\$35,418	\$14,045,832	\$14,081,250	20.9%
British Pound	15,448	9,102,841	9,118,289	11.9	–	6,846,180	6,846,180	10.2
Japanese Yen	198,119	7,626,291	7,824,410	10.2	17,434	8,097,065	8,114,499	12.0
Chinese Renminbi	–	(5,198,473)	(5,198,473)	(6.8)	–	(4,726,698)	(4,726,698)	(7.0)
Other	12,910	21,144,869	21,157,779	27.7	46,970	17,944,222	17,991,192	26.7
<b>Total</b>	<b>\$321,529</b>	<b>\$48,964,200</b>	<b>\$49,285,729</b>	<b>64.5%</b>	<b>\$99,822</b>	<b>\$42,206,601</b>	<b>\$42,306,423</b>	<b>62.8%</b>
<b>Global Bond Fund</b>								
	31 December 2017				31 December 2016			
<b>Currency</b>	Net Monetary Exposure	Net Non-Monetary Exposure	Total Net Exposure	% of Net Assets	Net Monetary Exposure	Net Non-Monetary Exposure	Total Net Exposure	% of Net Assets
Mexican Peso	\$20,493,939	\$–	\$20,493,939	6.0%	\$4,432,330	\$–	\$4,432,330	8.2%
Colombian Peso	10,438,289	–	10,438,289	3.1	1,454,672	–	1,454,672	2.7
Indian Rupee	8,545,647	–	8,545,647	2.5	1,070,801	–	1,070,801	2.0
Peruvian Sol	6,991,700	–	6,991,700	2.1	1,087,376	–	1,087,376	2.0
Other	13,506,480	–	13,506,480	4.0	101,390	–	101,390	0.2
<b>Total</b>	<b>\$59,976,055</b>	<b>\$–</b>	<b>\$59,976,055</b>	<b>17.7%</b>	<b>\$8,146,569</b>	<b>\$–</b>	<b>\$8,146,569</b>	<b>15.1%</b>

## NOTES TO FINANCIAL STATEMENTS

The U.S. Stock Fund invests only in U.S. dollar denominated securities, most of which are issued by U.S. corporations, and therefore has limited direct exposure to currency risk with respect to its monetary and non-monetary assets.

The Global Bond Fund has significant monetary exposure to non-U.S. dollar currencies. The table below summarises the sensitivity of the Global Bond Fund's net assets to changes in exchange rates at 31 December. The analysis is based on a reasonably possible strengthening of the U.S. dollar against all other currencies to which the Fund is directly exposed. A weakening of the U.S. dollar of the same magnitude would have resulted in an equal but opposite effect on the Fund's net assets.

Global Bond Fund	Year ended 31 December 2017	Year ended 31 December 2016
Reasonably possible strengthening of the U.S. dollar	10%	10%
Effect on the Fund's net assets*	(\$5,997,605)	(\$814,657)

\* This sensitivity analysis has limitations. It represents a hypothetical outcome that is not intended to be predictive.

The Global Stock Fund and International Stock Fund maintained currency forward contracts to hedge direct and/or indirect currency exposure to the Chinese renminbi, euro, and Swiss franc. During the year ended 31 December 2017, these currency forward contracts had U.S. dollar total values ranging from 6% to 8%

(2016: 1% to 4%) of the Global Stock Fund's net assets and 11% to 13% (2016: 6% to 16%) of the International Stock Fund's net assets.

The Global Bond Fund maintained currency forward contracts to hedge direct and/or indirect currency exposure to the British pound, euro, Czech koruna, and Japanese yen. During the year ended 31 December 2017, these currency forward contracts had U.S. dollar total values ranging from 10% to 13% (2016: 1% to 11%) of the Fund's net assets. The Global Bond Fund also maintained currency forward contracts to increase its portfolio exposure to the Indian rupee. During the year ended 31 December 2017, the Indian rupee currency forward contracts had U.S. dollar total values ranging from 0% to 2% (2016: 1% to 4%) of the Fund's net assets.

Currency exposure arises as a consequence of investment decisions made for each Fund and is monitored by the Investment Manager. Other than as described above, the Investment Manager did not actively hedge currency exposures arising from each Fund's investments.

### (iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a Fund's financial instruments will decline due to changes in market interest rates. The Global Bond Fund is exposed to interest rate risk through its investments in debt securities. Other Funds may have indirect exposure to interest rate risk to the extent they invest in securities of issuers exposed to interest rate risk. The following table summarises the Global Bond Fund's assets and liabilities by maturity date:

Global Bond Fund	31 December 2017				
	Maturity Date Less than 1 Year	Maturity Date 1 - 5 Years	Maturity Date Over 5 Years	Non-Interest Bearing	Total
Financial assets at fair value	\$34,669,195	\$35,825,868	\$256,968,668	\$16,272,893	\$343,736,624
Financial liabilities at fair value	-	-	-	(678,358)	(678,358)
Other assets less other liabilities	-	-	-	(3,494,088)	(3,494,088)
Total	\$34,669,195	\$35,825,868	\$256,968,668	\$12,100,447	\$339,564,178

  

Global Bond Fund	31 December 2016				
	Maturity Date Less than 1 Year	Maturity Date 1 - 5 Years	Maturity Date Over 5 Years	Non-Interest Bearing	Total
Financial assets at fair value	\$2,225,705	\$8,496,073	\$41,085,744	\$2,234,490	\$54,042,012
Financial liabilities at fair value	-	-	-	(120,632)	(120,632)
Other assets less other liabilities	-	-	-	135,269	135,269
Total	\$2,225,705	\$8,496,073	\$41,085,744	\$2,249,127	\$54,056,649

The Investment Manager manages the Global Bond Fund's duration, or exposure to interest rate risk, through security selection and the use of short U.S. Treasury and Euro-Bund futures contracts and interest rate swaps. During the year ended 31 December 2017, the Fund held short U.S. Treasury and Euro-Bund futures contracts with U.S. dollar notional values ranging from 14% to 18% (2016: 12% to 17%) of the Fund's net assets. During the year ended 31 December 2017, the Fund held interest rate swaps with U.S. dollar notional values ranging from 2% to 5% (2016: 4% to 8%) of the Fund's net assets.

The measure of duration for a portfolio indicates the approximate percentage change in its value if interest rates changed by 1%. Portfolios with longer durations tend to be more

sensitive to changes in interest rates than those with shorter durations. The Global Bond Fund was positioned defensively with respect to interest rate risk, with a shorter relative duration than the Index. The duration of the Fund and the Index at 31 December were as follows:

Effective Duration (years)	2017	2016
Global Bond Fund	3.7	3.7
Bloomberg Barclays Global Aggregate Bond Index	7.0	6.9

## NOTES TO FINANCIAL STATEMENTS

### Liquidity Risk

Liquidity risk is the risk that a Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or may only do so on terms that are materially disadvantageous. The Funds are exposed to liquidity risk primarily arising from daily cash redemptions of redeemable shares.

The Investment Manager seeks to manage liquidity risk by investing the majority of each Fund's assets in securities that can be readily sold under normal circumstances, such as securities traded on active markets with quoted prices. The Funds also invest in other instruments (e.g., repurchase agreements, currency forward contracts, futures contracts, and/or interest rate swaps) whose par values or notional amounts are disclosed in the Funds' Portfolios of Investments. Each Fund has low exposure to liquidity risk arising from these other instruments due to their short maturities and/or limited usage.

The Funds have access to a Line of Credit to be utilised on a temporary basis to fund shareholder redemptions or for other short-term liquidity purposes as set out in Note 11. In addition, if redemption requests on a particular business day exceed 10% of the net asset value of a Fund, redemption requests may be deferred to a subsequent day at which point shares will be redeemed ratably. Further information on suspension of redemption requests is set forth in the Prospectus.

The Funds' non-derivative financial liabilities generally fall due within one to two months and primarily relate to security purchases awaiting settlement, redemptions of redeemable shares, and accrued expenses. Details of these amounts are disclosed in the Statement of Financial Position.

### Credit Risk

Credit risk is the risk that the issuer of or counterparty to a Fund's financial instrument will fail to discharge its obligation or commitment and the Fund will bear a financial loss. The Global Bond Fund is exposed to credit risk arising from its investments in debt securities, and each Fund is exposed to credit risk arising from the counterparties with which it trades. The carrying value of financial assets best represents the Company's gross maximum exposure to credit risk at 31 December 2017.

The Investment Manager seeks to reduce the Global Bond Fund's credit risk with respect to issuers by investing in a diversified portfolio of debt securities in accordance with the Fund's investment objective and policies. At 31 December 2017, the Fund had exposure to all major sectors of the bond market and no credit issuer represented more than 2.0% (2016: 2.1%) of net assets. The credit quality diversification of the Fund at 31 December was as follows:

Global Bond Fund Quality Diversification (% of Fund)*	2017	2016
Aaa	23.7	18.6
Aa	0.5	1.1
A	18.4	19.1
Baa	40.0	42.4
Ba	9.0	11.8
Below Ba/NR	3.0	4.3
Cash Equivalents	5.4	2.7

\* The credit quality distribution shown for the Fund is based on the middle of Moody's, S&P's, and Fitch ratings, which is the methodology used by Bloomberg in constructing its indices. If a security is rated by only two agencies, the lower of the two ratings is used. The credit quality of the investments in the portfolio does not apply to the stability or safety of the Fund or its shares.

Credit risk may also arise on open securities and derivatives transactions. The Investment Manager attempts to mitigate such credit risk by only using counterparties it believes to be of good credit quality and by monitoring the financial stability of those counterparties. At 31 December 2017, the credit ratings (Moody's long-term rating) of brokers who were counterparties to the Funds' OTC Derivatives, which consisted solely of currency forward contracts, ranged from Aa3 to A1.

The Funds' currency forward contracts are entered into under master agreements. Under master agreements, in certain circumstances—e.g., when a default occurs—all outstanding transactions under the agreement may be terminated, the termination value is assessed, and only a single net amount is due or payable in settlement of all transactions. The Funds' master agreements contain collateral terms requiring the parties to post collateral based on the net market value of the transactions, subject to a minimum exposure threshold. Gross unrealised gains and losses on open currency forward contracts at 31 December 2017, which are not set off in the Statement of Financial Position, are presented in the Funds' Portfolios of Investments. Cash collateral pledged or held by the Funds for currency forward contracts is recorded as cash held at/(received from) broker in the Statement of Financial Position. At 31 December 2017, no cash collateral was pledged or held by the International Stock Fund or U.S. Stock Fund with respect to currency forward contracts, and the following tables present the net counterparty exposures associated with currency forward contracts for the Global Stock Fund and Global Bond Fund. At 31 December 2016, no cash collateral was pledged or held by the Funds with respect to currency forward contracts.

Global Stock Fund	31 December 2017		
	Fair Value of OTC Derivatives	Cash Collateral Pledged / (Received) <sup>1</sup>	Net Amount
Bank of America	(\$2,244,648)	\$1,930,000	(\$314,648)
Citibank	(2,225,813)	1,820,000	(405,813)
Credit Suisse	(148,805)	–	(148,805)
Goldman Sachs	(993,410)	800,000	(193,410)
HSBC	(480,196)	210,000	(270,196)
JPMorgan	(3,389,805)	670,000	(2,719,805)
UBS	(340,093)	–	(340,093)
State Street <sup>2</sup>	3,440	–	3,440
Total	(\$9,819,330)	\$5,430,000	(\$4,389,330)

Global Bond Fund	31 December 2017		
	Fair Value of OTC Derivatives	Cash Collateral Pledged / (Received) <sup>1</sup>	Net Amount
Barclays	(\$136,111)	\$–	(\$136,111)
Citibank	(95,274)	–	(95,274)
Credit Suisse	(30,392)	–	(30,392)
Goldman Sachs	(730)	–	(730)
JPMorgan	(145,058)	–	(145,058)
State Street <sup>2</sup>	2,026,243	(2,026,243)	–
Total	\$1,618,678	(\$2,026,243)	(\$407,565)

<sup>1</sup> Cash collateral pledged/(received) in excess of OTC Derivative assets/liabilities, if any, is not presented.

<sup>2</sup> Related to share class hedging

## NOTES TO FINANCIAL STATEMENTS

The Depository is the counterparty to the Funds' repurchase agreements, which are collateralised by U.S. government or agency securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. The collateral is held at the U.S. Federal Reserve in an account in the name of the Depository. In the event of default by the counterparty, the Funds have the contractual right to liquidate the collateral securities and to apply the proceeds in satisfaction of the obligation. The fair values of the repurchase agreements and related collateral securities at 31 December 2017 are disclosed in the Funds' Portfolios of Investments. The Funds' repurchase agreements are fully collateralised.

The Funds' futures contracts and centrally cleared interest rate swaps are settled through a clearinghouse. As outlined in Note 1, the Funds post initial margin upon entering into such contracts, and post or receive variation margin on a daily basis until the closing or expiration of the contracts. Margin paid by the Funds to the clearing broker on those contracts is recorded as cash held at broker in the Statement of Financial Position. Gross unrealised gains and losses on futures contracts and interest rate swaps at 31 December 2017 are disclosed in the Funds' Portfolios of Investments.

All securities and cash balances are held by the Depository through its affiliate, State Street Bank and Trust Company (Moody's long-term credit rating: Aa1) or through one of its sub-custodians. Securities are segregated from the assets of the Depository, and ownership rights remain with the Company. The Funds' relationship with the Depository exposes them to risk—bankruptcy or insolvency of the Depository may cause a Fund's rights with respect to its cash balances and investments held by the Depository to be delayed or limited. The Investment Manager selected the Depository based on its reputation, size, and long-term experience in the industry. The parent company of the Depository trades on the NYSE and is monitored by the Investment Manager's analyst team. The Depository also contracts with various sub-custodians, and the Investment Manager relies on the policies and procedures in place at the Depository to monitor the creditworthiness of its sub-custodians.

### Fair Value Hierarchy

Various inputs are used in determining (measuring) the fair value of each Fund's investments. Each Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Assessing the significance of a fair value measurement requires judgment, considering factors specific to the investment. Such factors may be observable or unobservable. The determination of what constitutes "observable" also requires significant judgment by the Investment Manager. The Funds consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The fair value hierarchy has the following levels as defined under IFRS 13:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (including quoted prices for similar securities, market indices, interest rates, credit risk, forward exchange rates, etc.); and

Level 3 — Unobservable inputs for the asset or liability.

Common and preferred stocks held by the Funds (on days when systematic fair valuation is not used) and futures contracts are Level 1 because they are typically traded on exchanges and obtain quoted prices daily. On days when systematic fair valuation is used, most non-U.S. dollar denominated common and preferred stocks move from Level 1 to Level 2. This is because systematic fair valuation adjusts the quoted prices of most non-U.S. dollar denominated securities by fair value factors, which take into account significant observable inputs. Debt securities, repurchase agreements, interest rate swaps, and currency forward contracts are Level 2 because they do not have quoted prices in active markets and are valued using various observable inputs.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following table summarises the inputs used to value each Fund's investments.

Global Stock Fund Security Classifications	31 December 2017			31 December 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Common Stocks	\$1,780,241,740	\$1,186,024,331	\$-	\$1,398,367,158	\$872,555,273	\$-
Preferred Stocks	80,625,170	57,382,930	-	70,837,781	38,259,083	-
Repurchase Agreement	-	68,247,000	-	-	62,027,000	-
Futures Contracts	852,900	-	-	(363,209)	-	-
Currency Forward Contracts	-	(9,819,330)	-	-	8,627,333	-
Total	\$1,861,719,810	\$1,301,834,931	\$-	\$1,468,841,730	\$981,468,689	\$-

## NOTES TO FINANCIAL STATEMENTS

International Stock Fund	31 December 2017			31 December 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Security Classifications</b>						
Common Stocks	\$14,576,077	\$56,692,935	\$–	\$13,320,107	\$49,036,693	\$–
Preferred Stocks	3,352,593	1,680,394	–	2,894,876	1,131,216	–
Repurchase Agreement	–	1,397,000	–	–	550,000	–
Currency Forward Contracts	–	(356,918)	–	–	390,250	–
Total	\$17,928,670	\$59,413,411	\$–	\$16,214,983	\$51,108,159	\$–
<b>U.S. Stock Fund</b>	<b>31 December 2017</b>			<b>31 December 2016</b>		
<b>Security Classifications</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Common Stocks	\$898,056,354	\$–	\$–	\$519,308,912	\$–	\$–
Repurchase Agreement	–	30,051,000	–	–	18,089,000	–
Futures Contracts	284,175	–	–	(108,314)	–	–
Currency Forward Contracts	–	42,169	–	–	–	–
Total	\$898,340,529	\$30,093,169	\$–	\$519,200,598	\$18,089,000	\$–
<b>Global Bond Fund</b>	<b>31 December 2017</b>			<b>31 December 2016</b>		
<b>Security Classifications</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Debt Securities	\$–	\$321,119,220	\$–	\$–	\$52,602,649	\$–
Commercial Paper	–	9,739,107	–	–	–	–
Repurchase Agreement	–	10,386,000	–	–	1,111,000	–
Futures Contracts	240,012	–	–	31,544	–	–
Interest Rate Swaps	–	(44,751)	–	–	(94,913)	–
Currency Forward Contracts	–	1,618,678	–	–	271,100	–
Total	\$240,012	\$342,818,254	\$–	\$31,544	\$53,889,836	\$–

For financial reporting purposes, transfers between levels are deemed to have occurred at the end of the reporting period. For the year ended 31 December 2017, the value of transfers out of Level 1 and into Level 2 was \$332,592,905 (2016: \$518,167,993) for the Global Stock Fund and \$8,205,420 (2016: \$20,274,256) for the International Stock Fund. There were no transfers between levels for the U.S. Stock Fund or Global Bond Fund. Transfers between Level 1 and Level 2 relate to the use of systematic fair valuation. There were no transfers in or out of Level 3.

For assets and liabilities carried at amortised cost, their carrying values are a reasonable approximation of fair value.

### 14. DISTRIBUTION POLICY

#### *Distributing Share Classes*

For each distributing share class of each Fund, at the time of each dividend declaration:

- all, or some portion, of net investment income, if any, may be, but is not required to be, declared as a dividend; and
- all, or some portion, of realised and unrealised capital gains net of realised and unrealised capital losses may be, but is not required to be, declared as a dividend.

#### *Accumulating Share Classes*

With respect to accumulating share classes, it is intended that, in the normal course of business, distributions will not be declared and that any net investment income and realised and unrealised capital gains net of realised and unrealised capital losses attributable to each accumulating share class will be accumulated daily in the respective net asset value per share of each respective class. For each Fund, if distributions are declared and paid with respect to accumulating share

classes, such distributions may be made from the sources listed under “Distributing Share Classes”.

### 15. SIGNIFICANT EVENTS DURING THE YEAR

The following significant events affected the Company during the year ended 31 December 2017:

- the GBP Distributing Class (H) of the Global Stock Fund commenced operations on 3 January 2017.
- the GBP Distributing Class (H) of the U.S. Stock Fund commenced operations on 3 January 2017.
- Toby E. Goold, director of the Company, passed away on 17 February 2017.
- effective 1 May 2017, Dodge & Cox has voluntarily agreed to reimburse the Global Bond Fund for all ordinary expenses to the extent necessary to limit aggregate annual ordinary expenses to 0.45% of the average daily net assets of each share class.
- Christophe Y. Orly was appointed as a director of the Company with effect from 31 May 2017.
- a revised prospectus was noted by the Central Bank on 17 September 2017 and replaced the previous prospectus dated 16 September 2016. The prospectus was updated to reflect, among other things, the change in directors since the last prospectus update, the creation of new share classes, disclosure to address the requirements of the Securities Financing Transactions Regulations, additional risk disclosure with respect to Shenzhen-Hong Kong Stock Connect, updates to the disclosures with respect to the investment committees and rounding of the net asset value per share, and the change in the Investment Manager’s voluntary expense reimbursement with respect to the Global Bond Fund.

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## NOTES TO FINANCIAL STATEMENTS

- William W. Stickland was appointed as a director of the Company with effect from 15 December 2017.
- Thomas M. Mistele and Frances P. Ruane resigned as directors of the Company with effect from 31 December 2017.

### 16. SIGNIFICANT EVENTS SINCE YEAR END

There have been no significant events since 31 December 2017.

### 17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 21 March 2018 for filing with the Central Bank and circulation to shareholders.

**PORTFOLIO PURCHASES AND SALES (unaudited)**  
**GLOBAL STOCK FUND**

For the year ended 31 December 2017

**SIGNIFICANT PURCHASES**

GlaxoSmithKline PLC (United Kingdom)	\$67,835,052
Suncor Energy, Inc. (Canada)	51,007,514
Magnit PJSC (Russia)	46,809,004
Johnson Controls International PLC (Ireland)	45,083,419
Eli Lilly and Co. (United States)	40,650,272
Express Scripts Holding Co. (United States)	39,330,630
Kasikornbank PCL- Foreign (Thailand)	33,352,828
Medtronic PLC (Ireland)	32,963,754
Comcast Corp., Class A (United States)	31,339,016
Novartis AG (Switzerland)	30,551,886
Anadarko Petroleum Corp. (United States)	30,451,639
Liberty Interactive Corp. QVC Group, Series A (United States)	28,087,139
Cemex SAB de CV ADR (Mexico)	28,040,947
Liberty Global PLC, Series C (United Kingdom)	25,360,954
Altice NV, Series A (Netherlands)	23,768,967
Target Corp. (United States)	23,460,460
UBS Group AG (Switzerland)	21,470,585
Twenty-First Century Fox, Inc., Class A (United States)	19,309,388
Juniper Networks, Inc. (United States)	18,911,413
Hewlett Packard Enterprise Co. (United States)	18,634,671
Grupo Televisa SAB ADR (Mexico)	16,122,456
AstraZeneca PLC (United Kingdom)	15,494,635
Linde AG (Germany)	14,801,492
Alphabet, Inc., Class C (United States)	13,056,462
Sanofi (France)	12,997,199
Barclays PLC (United Kingdom)	12,706,185
ICICI Bank, Ltd. (India)	12,237,981
Apache Corp. (United States)	11,978,309
Bayerische Motoren Werke AG (Germany)	10,876,495
Bristol-Myers Squibb Co. (United States)	10,695,723

**SIGNIFICANT SALES**

Naspers, Ltd. (South Africa)	\$33,129,128
JD.com, Inc. ADR (Cayman Islands/China)	28,910,159
Schneider Electric SA (France)	25,595,680
Bank of America Corp. (United States)	24,111,873
Wal-Mart Stores, Inc. (United States)	23,582,624
Charter Communications, Inc., Class A (United States)	23,572,993
DXC Technology Co. (United States)	22,805,869
Goldman Sachs Group, Inc. (United States)	22,734,737
American Express Co. (United States)	21,937,788
Cigna Corp. (United States)	20,669,603
Alphabet, Inc., Class C (United States)	20,318,955
Cisco Systems, Inc. (United States)	20,052,417
Anthem, Inc. (United States)	19,389,119
Time Warner, Inc. (United States)	19,272,133
HP Inc. (United States)	18,853,689
Barclays PLC (United Kingdom)	18,684,234
Novartis AG (Switzerland)	17,191,333
UnitedHealth Group, Inc. (United States)	16,889,833
The Priceline Group, Inc. (United States)	16,787,578
Standard Chartered PLC (United Kingdom)	16,012,458
Yamaha Motor Co., Ltd. (Japan)	15,710,782
Mahindra & Mahindra, Ltd. (India)	13,542,587
Baker Hughes, Inc. (United States)	13,091,305
VMware, Inc. (United States)	12,537,028
Tapestry, Inc. (United States)	12,267,793
Celanese Corp., Series A (United States)	11,949,301
Hang Lung Properties, Ltd. (Hong Kong)	11,848,994
Credit Suisse Group AG (Switzerland)	11,261,034
Itau Unibanco Holding SA ADR (Brazil)	11,165,369
Samsung Electronics Co., Ltd. (South Korea)	11,050,470
Microsoft Corp. (United States)	10,924,671
Sanofi (France)	10,869,867
Alnylam Pharmaceuticals, Inc. (United States)	10,842,729
Roche Holding AG (Switzerland)	10,362,758
Charles Schwab Corp. (United States)	10,198,697
Target Corp. (United States)	9,866,855
Schlumberger, Ltd. (Curacao/United States)	9,706,501
AstraZeneca PLC (United Kingdom)	9,230,717
Express Scripts Holding Co. (United States)	8,705,159

Significant purchases are defined as aggregate purchases of a security exceeding one percent of the total value of purchases for the year. Significant sales are defined as aggregate sales of a security exceeding one percent of the total value of sales for the year. At a minimum, the 20 largest purchases and 20 largest sales must be disclosed.

**PORTFOLIO PURCHASES AND SALES (unaudited)**  
**INTERNATIONAL STOCK FUND**

For the year ended 31 December 2017

**SIGNIFICANT PURCHASES**

GlaxoSmithKline PLC (United Kingdom)	\$1,695,047
Johnson Controls International PLC (Ireland)	1,054,988
Statoil ASA (Norway)	899,745
UBS Group AG (Switzerland)	873,824
Suncor Energy, Inc. (Canada)	782,041
Magnit PJSC (Russia)	695,528
Engie (France)	679,766
Novartis AG (Switzerland)	650,418
Itau Unibanco Holding SA ADR (Brazil)	596,359
Sanofi (France)	575,618
Barclays PLC (United Kingdom)	561,378
Schlumberger, Ltd. (Curacao/United States)	545,785
Samsung Electronics Co., Ltd. Preferred (South Korea)	520,218
Altice NV, Series A (Netherlands)	494,412
Cemex SAB de CV ADR (Mexico)	456,014
Hewlett Packard Enterprise Co. (United States)	453,680
Bayer AG (Germany)	447,995
Grupo Televisa SAB ADR (Mexico)	424,940
Bayerische Motoren Werke AG (Germany)	415,539
Roche Holding AG (Switzerland)	411,389
ICICI Bank, Ltd. (India)	400,457
Liberty Global PLC LiLAC, Series C (United Kingdom)	394,135
AstraZeneca PLC (United Kingdom)	393,564
Mitsubishi UFJ Financial Group, Inc. (Japan)	385,561
Axis Bank, Ltd. (India)	359,339
Naspers, Ltd. (South Africa)	347,392
Linde AG (Germany)	331,443
BNP Paribas SA (France)	330,104
Honda Motor Co., Ltd. (Japan)	324,966
Mitsubishi Electric Corp. (Japan)	314,267
Koninklijke Philips NV (Netherlands)	306,750
Agrium, Inc. (Canada)	304,872
MTN Group, Ltd. (South Africa)	297,905
Standard Chartered PLC (United Kingdom)	280,608
UniCredit SPA (Italy)	279,531
Banco Santander SA (Spain)	257,358
Kyocera Corp. (Japan)	240,715
Samsung Electronics Co., Ltd. (South Korea)	234,458
Petroleo Brasileiro SA ADR (Brazil)	233,115
Lloyds Banking Group PLC (United Kingdom)	232,514

**SIGNIFICANT SALES**

Samsung Electronics Co., Ltd. (South Korea)	\$1,607,510
Naspers, Ltd. (South Africa)	1,380,362
Nintendo Co., Ltd. (Japan)	1,156,184
Panasonic Corp. (Japan)	1,061,534
Schneider Electric SA (France)	1,032,523
JD.com, Inc. ADR (Cayman Islands/China)	877,887
Itau Unibanco Holding SA ADR (Brazil)	771,539
BNP Paribas SA (France)	762,651
Novartis AG (Switzerland)	729,682
Schlumberger, Ltd. (Curacao/United States)	702,375
Standard Chartered PLC (United Kingdom)	681,844
Barclays PLC (United Kingdom)	666,674
Sanofi (France)	656,304
Yamaha Motor Co., Ltd. (Japan)	638,273
Samsung Electronics Co., Ltd. Preferred (South Korea)	636,445
Credit Suisse Group AG (Switzerland)	633,342
ICICI Bank, Ltd. (India)	613,316
LafargeHolcim, Ltd. (Switzerland)	545,192
Banco Santander SA (Spain)	530,068
Societe Generale SA (France)	464,140
Hang Lung Properties, Ltd. (Hong Kong)	461,571
HP Inc. (United States)	460,064
Mitsubishi Electric Corp. (Japan)	457,686
Baidu, Inc. ADR (Cayman Islands/China)	454,308
DXC Technology Co. (United States)	445,237
Roche Holding AG (Switzerland)	429,310
Bayer AG (Germany)	421,435
Bharti Airtel, Ltd. (India)	389,221
TE Connectivity, Ltd. (Switzerland)	376,308
Kyocera Corp. (Japan)	372,840
UniCredit SPA (Italy)	358,346
Bayerische Motoren Werke AG (Germany)	338,307
Royal Dutch Shell PLC ADR (United Kingdom)	337,087
AstraZeneca PLC (United Kingdom)	325,791
Honda Motor Co., Ltd. (Japan)	323,918
Millicom International Cellular SA SDR (Luxembourg)	292,736
Suncor Energy, Inc. (Canada)	290,189

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**PORTFOLIO PURCHASES AND SALES (unaudited)**  
**U.S. STOCK FUND**

For the year ended 31 December 2017

**SIGNIFICANT PURCHASES**

Eli Lilly and Co.	\$18,133,397
Comcast Corp., Class A	13,749,039
Johnson Controls International PLC (Ireland)	12,507,426
Gilead Sciences, Inc.	11,808,523
Anadarko Petroleum Corp.	11,806,575
Express Scripts Holding Co.	10,220,717
Bristol-Myers Squibb Co.	10,148,747
Capital One Financial Corp.	10,136,381
Wells Fargo & Co.	9,880,605
Charter Communications, Inc., Class A	9,653,371
Bank of America Corp.	9,491,058
Charles Schwab Corp.	9,436,151
Alphabet, Inc., Class C	9,024,825
Microsoft Corp.	8,185,119
Medtronic PLC (Ireland)	7,932,247
Bank of New York Mellon Corp.	7,681,440
Goldman Sachs Group, Inc.	7,604,536
Juniper Networks, Inc.	7,487,949
GlaxoSmithKline PLC ADR (United Kingdom)	7,044,666
Hewlett Packard Enterprise Co.	6,991,040
JPMorgan Chase & Co.	6,855,260
Time Warner, Inc.	6,595,928
Target Corp.	6,512,051
FedEx Corp.	6,283,118
Schlumberger, Ltd. (Curacao/United States)	6,096,709
Dell Technologies, Inc., Class V	5,592,091
MetLife, Inc.	5,563,732
Cisco Systems, Inc.	5,384,081
Twenty-First Century Fox, Inc., Class A	5,291,205
American Express Co.	5,241,898
The Priceline Group, Inc.	5,088,963
Baker Hughes, a GE Company	4,953,387
Apache Corp.	4,832,424
UnitedHealth Group, Inc.	4,476,443
HP Inc.	4,404,339
Zayo Group Holdings, Inc.	4,287,581
Wal-Mart Stores, Inc.	4,270,986
TE Connectivity, Ltd. (Switzerland)	4,232,151
Union Pacific Corp.	4,223,535
Merck & Co., Inc.	3,722,840

**SIGNIFICANT SALES**

Wal-Mart Stores, Inc.	\$13,879,175
VMware, Inc.	8,065,638
DXC Technology Co.	7,934,763
Bank of America Corp.	5,151,933
Time Warner, Inc.	4,834,128
Tapestry, Inc.	4,102,379
HP Inc.	3,913,965
Goldman Sachs Group, Inc.	3,863,969
NetApp, Inc.	2,702,552
Anthem, Inc.	2,660,355
Cigna Corp.	2,538,418
Dell Technologies, Inc., Class V	2,218,759
Corning, Inc.	2,162,841
Sanofi ADR (France)	2,158,634
Synopsys, Inc.	2,019,435
Micro Focus International PLC ADR (United Kingdom)	1,429,356
Novartis AG ADR (Switzerland)	1,396,568
FedEx Corp.	1,360,942
Bank of New York Mellon Corp.	1,280,245
UnitedHealth Group, Inc.	1,261,818
Roche Holding AG ADR (Switzerland)	1,261,077
The Priceline Group, Inc.	1,167,120
Medtronic PLC (Ireland)	1,103,040
Charles Schwab Corp.	1,081,832
Charter Communications, Inc., Class A	1,039,031

Significant purchases are defined as aggregate purchases of a security exceeding one percent of the total value of purchases for the year. Significant sales are defined as aggregate sales of a security exceeding one percent of the total value of sales for the year. At a minimum, the 20 largest purchases and 20 largest sales must be disclosed.

**PORTFOLIO PURCHASES AND SALES (unaudited)**  
**GLOBAL BOND FUND**

For the year ended 31 December 2017

**SIGNIFICANT PURCHASES**

U.S. Treasury Note/Bond (United States) 1.00%, 30/11/18	\$36,809,219
U.S. Treasury Note/Bond (United States) 1.50%, 31/12/18	36,001,406
Ginnie Mae (United States) 2.06%, 20/11/67	16,157,524
Freddie Mac Gold, 30 Year (United States) 4.50%, 1/6/47	16,008,420
Fannie Mae, Hybrid ARM (United States) 3.097%, 1/6/47	15,764,249
Mexico Government (Mexico) 5.75%, 5/3/26	15,184,017
Colombia Government (Colombia) 7.75%, 14/4/21	9,851,089
India Government (India) 8.24%, 15/2/27	8,409,439
U.S. Treasury Note/Bond (United States) 0.875%, 31/5/18	6,753,824
Japan Treasury Discount Bill (Japan) 10/5/18	6,613,952
Fannie Mae, 30 Year (United States) 4.50%, 1/1/46	6,407,697
Kinder Morgan, Inc. (United States) 6.95%, 15/1/38	5,665,498
AT&T, Inc. (United States) 4.50%, 9/3/48	5,636,420
Naspers, Ltd. (South Africa) 4.85%, 6/7/27	5,575,500
Peru Government GDN (Peru) 6.35%, 12/8/28	5,509,466
TransCanada Corp. (Canada) 5.30%, 15/3/77	5,079,781
Indonesia Government (Indonesia) 8.25%, 15/5/36	4,942,078
Lloyds Banking Group PLC (United Kingdom) 4.65%, 24/3/26	4,250,480
Charter Communications, Inc. (United States) 6.484%, 23/10/45	4,097,813
Cemex SAB de CV (Mexico) 7.75%, 16/4/26	3,627,375

**SIGNIFICANT SALES**

U.S. Treasury Note/Bond (United States) 1.00%, 30/11/18	\$34,450,266
U.S. Treasury Note/Bond (United States) 1.50%, 31/12/18	32,474,221
U.S. Treasury Note/Bond (United States) 0.875%, 31/5/18	7,604,550
Colombia Government (Colombia) 9.85%, 28/6/27	1,583,064
Mexico Government (Mexico) 2.00%, 9/6/22	1,374,116
India Government (India) 8.12%, 10/12/20	1,096,642
Cox Enterprises, Inc. (United States) 2.95%, 30/6/23	837,913
Indonesia Government International (Indonesia) 3.75%, 14/6/28	714,839
Chase Issuance Trust (United States) 1.59%, 18/2/20	615,913
Barclays PLC (United Kingdom) 4.375%, 12/1/26	541,364
JPMorgan Chase & Co. (United States) 3.375%, 1/5/23	538,309
BNP Paribas SA (France) 5.75%, 24/1/22	463,619
Mexico Government (Mexico) 5.75%, 5/3/26	462,749
Chase Issuance Trust (United States) 1.27%, 15/7/21	445,904
HSBC Holdings PLC (United Kingdom) 6.50%, 15/9/37	424,011
Petroleos Mexicanos (Mexico) 2.75%, 21/4/27	358,195
Wells Fargo & Co. (United States) 2.15%, 06/12/19	350,781
BHP Billiton, Ltd. (Australia) 5.625%, 22/10/79	318,435
Enel SPA (Italy) 6.00%, 07/10/39	306,990
Verizon Communications, Inc. (United States) 6.40%, 15/2/38	304,685

Significant purchases are defined as aggregate purchases of a security exceeding one percent of the total value of purchases for the year. Significant sales are defined as aggregate sales of a security exceeding one percent of the total value of sales for the year. At a minimum, the 20 largest purchases and 20 largest sales must be disclosed.

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## TOTAL EXPENSE RATIOS (unaudited)

### TOTAL EXPENSE RATIOS

The total expense ratio ("TER") is the sum of all costs charged to each share class as a percentage of the average net assets of the share class.

	<i>TER for the year ended 31 December 2017</i>
<b>Global Stock Fund</b>	
USD Accumulating Class	0.68%
GBP Accumulating Class	0.68%
GBP Distributing Class	0.68%
GBP Distributing Class (H)	0.70%
EUR Accumulating Class	0.68%
CAD Accumulating Class	0.68%
<b>International Stock Fund</b>	
USD Accumulating Class	0.70%
EUR Accumulating Class	0.70%
<b>U.S. Stock Fund</b>	
USD Accumulating Class	0.70%
GBP Accumulating Class	0.70%
GBP Distributing Class	0.70%
GBP Distributing Class (H)	0.70%
EUR Accumulating Class	0.70%
<b>Global Bond Fund</b>	
USD Accumulating Class	0.50%
GBP Distributing Class	0.50%
GBP Distributing Class (H)	0.50%*
EUR Accumulating Class	0.50%
EUR Accumulating Class (H)	0.50%
EUR Distributing Class	0.50%
EUR Distributing Class (H)	0.50%

\* Represents the sum of the daily TERs for the year ended 31 December 2017

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## REMUNERATION POLICY (unaudited)

In line with the requirements of the UCITS Regulations, the Company has adopted a remuneration policy which is consistent with the principles outlined in the ESMA guidelines on sound remuneration policies under the UCITS Directive (the “Remuneration Guidelines”). The remuneration policy is appropriate to the Company’s size, internal organisation and the nature, scope and complexity of its activities.

The Company’s remuneration policy applies to certain identified staff whose professional activities have a material impact on the risk profile of the Company. As at 31 December 2017, the Company did not have any employees and the Company’s remuneration policy applies only to members of the Company’s management body (i.e. the Board of Directors). The Directors not affiliated with the Investment Manager receive a fixed annual fee which is in line with the fees paid by other Irish funds and compensates these directors for their tasks, expertise and responsibilities. Directors that are employees of the Investment Manager (or an affiliate) are not paid any fees for their services as directors.

For the year ended 31 December 2017, only the Directors not affiliated with the Investment Manager received a fixed annual fee from the Company in their roles as directors, which was in aggregate €75,000. None of the Directors are entitled to receive any variable remuneration from the Company.

In accordance with Regulation 89 (3A) (d) and (e) of the UCITS Regulations, the remuneration policy and its implementation is reviewed at least annually and it is confirmed that no material changes have been made to the remuneration policy during the year ended 31 December 2017.

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## SECURITIES FINANCING TRANSACTIONS (unaudited)

Article 13 of Regulation (EU) 2015/2365 on transparency of securities financing transactions (“SFTs”) and of reuse and amending Regulation (EU) No 648/2012 requires UCITS investment companies to provide the following information on the use made of SFTs and total return swaps (“TRS”). At 31 December 2017, the Funds did not hold any TRS, and the SFTs held by the Funds consisted of the following repurchase agreements:

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### REPURCHASE AGREEMENTS

#### Global Stock Fund

Market Value	\$68,247,000
% of Net Assets	2.1%
Counterparty Name	State Street
Counterparty Country of Establishment	United States
Maturity Date	2/1/18
Settlement	Bilateral
Collateral Description	Repurchase agreement is collateralised by U.S. Treasury Notes 1.5%-2.125%, 30/9/21-31/1/22. Total collateral value is \$69,616,509. The collateral is rated Aaa (Moody’s long-term rating).

#### International Stock Fund

Market Value	\$1,397,000
% of Net Assets	1.8%
Counterparty Name	State Street
Counterparty Country of Establishment	United States
Maturity Date	2/1/18
Settlement	Bilateral
Collateral Description	Repurchase agreement is collateralised by U.S. Treasury Note 2.125%, 30/9/21. Total collateral value is \$1,427,581. The collateral is rated Aaa (Moody’s long-term rating).

#### U.S. Stock Fund

Market Value	\$30,051,000
% of Net Assets	3.1%
Counterparty Name	State Street
Counterparty Country of Establishment	United States
Maturity Date	2/1/18
Settlement	Bilateral
Collateral Description	Repurchase agreement is collateralised by U.S. Treasury Note 2.125%, 30/9/21. Total collateral value is \$30,652,786. The collateral is rated Aaa (Moody’s long-term rating).

#### Global Bond Fund

Market Value	\$10,386,000
% of Net Assets	3.0%
Counterparty Name	State Street
Counterparty Country of Establishment	United States
Maturity Date	2/1/18
Settlement	Bilateral
Collateral Description	Repurchase agreement is collateralised by U.S. Treasury Note 2.125%, 30/9/21. Total collateral value is \$10,596,273. The collateral is rated Aaa (Moody’s long-term rating).

#### Safekeeping & Reuse of Collateral

The Funds’ repurchase agreements are secured by collateral. State Street Custodial Services (Ireland) Limited, depositary of the Company, is responsible for the safekeeping of collateral received. The Funds did not reuse collateral received in relation to repurchase agreements. The Funds did not pledge collateral in relation to repurchase agreements.

#### Returns & Costs

The interest income arising from repurchase agreements earned by the Funds during the year ended 31 December 2017 is disclosed in Note 8. The interest income represents 100% of the overall returns generated by repurchase agreements. Transaction costs are embedded in the price of the instruments and are not separately disclosed.

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## ADMINISTRATION OF THE COMPANY (unaudited)

### *Board of Directors*

Donal A. Byrne (Irish) (independent)  
Toby E. Goold (English)<sup>1</sup>  
Thomas M. Mistele (American)<sup>2</sup>  
Christophe Y. Orly (French)<sup>3</sup>  
Rosemary E. Quinlan (Irish) (independent)  
Frances P. Ruane (Irish) (independent)<sup>2</sup>  
Diana S. Strandberg (American)  
William W. Strickland (American)<sup>3</sup>  
Steven C. Voorhis (American)

### *Registered Office of the Company*

78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### *Investment Manager*

Dodge & Cox  
555 California Street  
40th Floor  
San Francisco  
California 94104  
United States

### *Distributor*

Dodge & Cox Worldwide Investments Ltd.  
6 Duke Street, St. James's  
London SW1Y 6BN  
United Kingdom

### *Administrator, Registrar and Transfer Agent*

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### *Depository*

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### *Global Sub-Custodian*

State Street Bank and Trust Company  
State Street Financial Center  
One Lincoln Street  
Boston  
Massachusetts 02111  
United States

### *Legal Advisors in Ireland*

Arthur Cox  
Ten Earlsfort Terrace  
Dublin 2  
Ireland

### *Independent Auditors*

PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

### *Company Secretary*

Bradwell Limited  
Ten Earlsfort Terrace  
Dublin 2  
Ireland

### *Representative in Switzerland<sup>4</sup>*

First Independent Fund Services AG  
Klausstrasse 33  
8008 Zurich  
Switzerland

### *Paying Agent in Switzerland*

NPB Neue Privat Bank AG  
Limmatquai 1  
8024 Zurich  
Switzerland

<sup>1</sup> Toby E. Goold served as a director of the Company until his passing on 17 February 2017.

<sup>2</sup> Thomas M. Mistele and Frances P. Ruane resigned as directors of the Company with effect from 31 December 2017.

<sup>3</sup> Christophe Y. Orly was appointed as a director of the Company with effect from 31 May 2017. William W. Strickland was appointed as a director of the Company with effect from 15 December 2017.

<sup>4</sup> For Swiss investors, the consolidated Swiss prospectus, constitution, key investor information documents, annual and semi-annual reports, as well as a list containing all purchases and sales which have been made during the reporting period can be obtained free of charge at the office of the Swiss representative.



