# Dodge & Cox® Worldwide Funds plc

An umbrella fund with segregated liability between sub-funds

# Annual Report

For the year ended 31 December 2016

## Global Stock Fund
## International Stock Fund
## U.S. Stock Fund
## Global Bond Fund

12/16 UCITS AR

## CONTENTS



This annual report and audited financial statements (the "Report and Accounts") may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Report and Accounts. To the extent that there is any inconsistency between the English language Report and Accounts and the Report and Accounts in another language or any ambiguity in relation to the meaning of any word or phrase in another language, the English language Report and Accounts will prevail. Any disputes as to the terms of the Report and Accounts, regardless of the language of the Report and Accounts, shall be governed by and construed in accordance with the laws of Ireland.

## 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 (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 16 September 2016 (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:

| FUND NAME AND ACTIVE SHARE CLASSES | COMMENCEMENT OF OPERATIONS |
|---|---|
| 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.

## 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 2016.

### DIRECTORS

The name and nationality of persons who were Directors during the year ended 31 December 2016 are:

Donal A. Byrne (Irish) (independent)
Toby E. Goold (English)[1]
Thomas M. Mistele (American)
Rosemary E. Quinlan (Irish) (independent)[2]
Frances P. Ruane (Irish) (independent)[2]
Diana S. Strandberg (American)
Steven C. Voorhis (American)
Brendan M. Walsh (Irish) (independent)[3]

[1] Toby E. Goold served as a director of the Company during the year and until his passing on 17 February 2017.
[2] Frances P. Ruane was appointed as a director of the Company with effect from 5 August 2016. Rosemary E. Quinlan was appointed as a director of the Company with effect from 3 October 2016.
[3] Brendan M. Walsh served as a director of the Company during the year until his passing on 17 May 2016.

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

At 31 December 2016, the following Directors held shares (all USD Accumulating Class Shares) in the Funds: Diana S. Strandberg held 500,000 (2015: 500,000) shares in the Global Stock Fund and 697,018 (2015: 697,018) shares in the U.S. Stock Fund, and Thomas M. Mistele held 100,000 (2015: 100,000) shares in the Global Stock Fund and 199,404 (2015: 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.

### 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 (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/ Thomas M. Mistele
Director

/s/ Donal A. Byrne
Director

22 March 2017

# INDEPENDENT AUDITORS' REPORT

**To the members of Dodge & Cox Worldwide Funds plc**

## REPORT ON THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, Dodge & Cox Worldwide Funds plc's financial statements (the "financial statements"):

- give a true and fair view of the Company's and Funds' assets, liabilities and financial position as at 31 December 2016 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).

### What we have audited

The financial statements, included within the annual report, comprise:

- the statement of financial position as at 31 December 2016;
- 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 2016; and
- the notes to the financial statements for the Company and for each of the Funds which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the Directors have made a number of subjective judgments, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACT 2014

- 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.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

## MATTER ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

### 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.

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### Our responsibilities and those of the Directors

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

## What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgments against available evidence, forming our own judgments, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Jonathan O'Connell
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
22 March 2017

## DEPOSITARY REPORT

We have enquired into the conduct of Dodge & Cox Worldwide Funds plc (the "Company"), for the period from 1 January 2016 to 31 December 2016, 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 (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
22 March 2017

## In Memoriam—Toby E. Goold

With our deepest regrets and great sadness we announce the passing of Toby E. Goold, a vice president and Managing Director of Dodge & Cox Worldwide Investments Ltd. and a director of the Dodge & Cox Worldwide Funds. Toby passed away in February at the age of 42 following a battle with cancer.

Toby joined Dodge & Cox in August 2010 following 14 years of prior experience working with institutional investors and their advisers throughout Europe, the Middle East, and Africa with Morgan Stanley Asset Management, Citigroup Global Markets, and BNY Mellon. He was also a member of the ICI Global Steering Committee.

Dodge & Cox launched its first of four Irish-domiciled UCITS funds in 2009, and Toby played an instrumental role in building the UCITS funds' client base and expanding Dodge & Cox's presence internationally. Under his leadership the Dodge & Cox Worldwide Funds grew from approximately $30 million in assets under management to over $3 billion. Toby was tireless in his devotion to his clients, conducting hundreds of meetings annually and expanding Dodge & Cox's clientele to 13 countries over the course of his six plus years with the firm. He served as the bridge between the UCITS funds' clients and the Dodge & Cox investment analysts and professionals and operations teams headquartered in San Francisco, California.

We greatly valued Toby's experience, wisdom, and myriad contributions to Dodge & Cox. The thoughts of the shareholders and employees of Dodge & Cox go out to Toby's wife Debbie and their children. We will miss our trusted colleague and friend.

## AN EXTRAORDINARY YEAR

The Global Stock Fund's strong absolute and relative performance in 2016 was achieved with largely the same portfolio that produced weak results in 2015. In fact, many of the biggest contributors in 2016 were some of the largest detractors in 2015. The past year's strong performance also improved the Fund's longer-term relative results. For the USD Accumulating Class, the Fund's annualised total return for the past five years was 12.8% versus 10.4% for the MSCI World Index[(a)].

We would like to express sincere appreciation to our fellow shareholders for your patience and confidence in Dodge & Cox. These results serve as a reminder that a single quarter or year is too short an interval over which to judge the success of our strategy. Our bottom-up, value-oriented, active investment approach requires independent thinking to build the level of conviction essential to invest in companies that are out of favour. Stock prices can move dramatically in response to the headlines of the day, but it often takes time for a company's results to improve and for positive change to be recognised by other investors. Accordingly, maintaining a long-term investment horizon and staying the course when markets move against us are essential for our investment team, as well as for our fellow shareholders. We would be the first to acknowledge this is not easy to do, but our persistence to stick with our convictions in the face of market volatility was rewarded during this past year.

Uncertainty is a constant, but it can create compelling opportunities for patient, long-term, value-oriented, active investors. Our recent insight paper, "Understanding the Case for Active Management," is summarised on page 22 of this report and is available in its entirety on our website.

## MARKET COMMENTARY

The Fund benefited from two broad market factors. First, in 2015, value stocks underperformed growth stocks globally; in the United States, this underperformance was by one of the widest margins since the global financial crisis. The trend reversed across global equities in 2016 as value stocks outperformed growth stocks by ten percentage points[(b)], benefiting the Fund's value-oriented portfolio. Recently, the more economically sensitive, cyclical sectors of the market (e.g., Energy, Financials) have accounted for a larger portion of the value category than stocks in the more defensive, stable sectors (e.g., Consumer Staples, Telecommunication Services, Utilities). Each group's equity returns have been highly correlated with interest rate movements in recent years. As interest rates declined to historically low levels and investors searched for yield in the equity market, defensive stocks with "bond-like" characteristics outperformed the more cyclical stocks. Conversely, as U.S. Treasury yields rose during the second half of 2016, especially after the U.S. election, economically sensitive holdings outperformed considerably. The Fund's performance in 2016 mirrored this shift: down 1% in the first half and up 17% in the second half.

Second, as emerging markets lagged developed markets on a multi-year basis through 2015, valuations had become increasingly attractive and the Fund found more investment opportunities. After a dramatic 15% drop in 2015, the MSCI Emerging Markets Index was up 11% in 2016, significantly outpacing the 1% return for developed markets stocks. Many of the Fund's largest emerging market detractors in 2015 turned out to be the biggest contributors in 2016. For example, Petrobras[(c)] and Itau Unibanco in Brazil were down 55% and 41%, respectively, in 2015, but were up 159% and 72% in 2016. We added to both holdings as their valuations declined in 2015, which later benefited the Fund.

While valuations have increased, especially in the United States, the portfolio trades at a discount to the overall global equity market (14.5 times forward earnings compared to 16.3 times for the MSCI World).

## INVESTMENT STRATEGY

In our experience, the best investment opportunities can frequently be found in areas of greatest scepticism and uncertainty. We search in these areas, which are often characterised by discounted valuations, and attempt to discern which companies have the competitive position and management talent to grow earnings and cash flow over the next three to five years. As long-term investors, our challenge is to assess short-term concerns while investing with an eye toward future prospects. Just as important, we attempt to avoid those companies whose valuations reflect optimism that current conditions will remain intact or significantly improve and thus do not sufficiently compensate us for potential disappointment. When we see long-term value, we often add to positions as valuations decline and other investors become more pessimistic. Two examples include recent activity in the Financials and Health Care sectors, which are discussed below.

### Financials

Amid heightened market volatility, we revisited and retested our thinking on many of the Fund's holdings during 2015 and the first half of 2016. As valuations became more attractive, we concluded market conditions had created long-term investment opportunities in selected economically sensitive companies, especially in Financials. During the global equity market swoon in early 2016 and after steep share price declines following the Brexit vote, we added to several of the Fund's existing financial services holdings (e.g., Barclays, Goldman Sachs) and initiated new positions (e.g., Banco Santander, BNP Paribas). Despite low interest rates and global economic challenges, we saw opportunities because many of the portfolio's holdings traded at relatively inexpensive valuations (at levels not seen since the 2008 global financial crisis) although they had benefited from loan growth and improved credit quality since the crisis.

For the second half of 2016, Financials was the best-performing sector of the MSCI World (up 24%), in large part due to rising U.S. interest rates. While we trimmed selected holdings in response to higher share prices, we maintained a significant overweight position in the sector (27% versus 18% for the MSCI World)[(d)]. Regarding U.S. Financials (13% of the Fund), profits are improving and strong capital positions allow the banks to return significant capital to shareholders via share buybacks and

dividends, making them a compelling alternative to other dividend-paying stocks, in our view. As rates increase, profitability within the sector should improve further. The sector also stands to benefit from potential easing of financial regulation by the Trump administration (e.g., The Dodd-Frank Wall Street Reform and Consumer Protection Act could be repealed or modified).

For the Fund's European and UK Financials (10% of the Fund), valuations remain extremely compelling: these holdings trade at an average level of 0.7 times book value, reflecting continued doubt in the market that these companies will earn sufficient returns on equity. Faced with sluggish global growth and adverse regulatory changes, management teams at many institutions have responded by aggressively cutting operating expenses and eliminating underperforming businesses. As a result, many of these banks are better positioned to expand profitability in an improving environment.

While we trimmed some Financial holdings during the fourth quarter, we opportunistically added to Wells Fargo (up only 5% for 2016), which detracted from relative performance and was weak among bank stocks due to regulatory infractions and fines. We were disappointed to learn about the bank's sales practises that resulted in improper account openings, but are convinced Wells Fargo is actively addressing the issues. After a comprehensive review, we believe Wells Fargo's superior franchise, deep management team, track record of generating higher returns than other banks, and valuation at 1.6 times book value make it an attractive long-term investment opportunity. On 31 December, Wells Fargo was a 1.8% position in the Fund.

### Health Care

Health Care was the worst-performing sector (down 7%) of the MSCI World in 2016. Share prices for pharmaceutical companies were hurt by concerns about lower drug pricing in the United States, as pharmacy benefit managers have consolidated their market shares and exerted more pricing power. Since profits generated in the United States represent a substantial share of total profits for the global industry, many believe the outlook for long-term profitability is in question. While we acknowledge this risk, we believe the Fund's pharmaceutical holdings are compelling at recent, lower valuations of 14.7 times forward earnings, which do not appropriately reflect the long-term potential for growth in cash flow and earnings. For example, several companies in the Fund's portfolio have navigated through the most challenging wave of patent expirations, and their intensive research and development efforts are bearing fruit with meaningful new drug launches. We added tactically to several holdings (e.g., AstraZeneca, Sanofi) as valuations became more attractive during the second half of 2016.

AstraZeneca, which is based in the United Kingdom, is a global pharmaceutical company with strengths in treatment for cancer and respiratory, cardiovascular, and infectious diseases. The share price has been under pressure due to recent and upcoming patent expirations for major drugs. Despite this headwind, the long-term growth outlook is favourable because of the company's robust new drug pipeline, particularly in oncology. AstraZeneca has an attractive position in the revolutionary field of cancer immunotherapy, which harnesses the disease-fighting capabilities of the body's immune system to reduce and potentially eliminate cancer tumours. With a 4.6% dividend yield, the current valuation is reasonable and does not appear to reflect the potential success of the immunotherapy drug pipeline.

### IN CLOSING

Long-term, value-oriented investing is a humbling but hopefully rewarding endeavour. It requires forming independent opinions that may be very different from the consensus view and maintaining mental and emotional discipline in the face of inevitable market fluctuations. It is possible that we will buy shares of a company too early and that business conditions may not improve as we expect. Those challenges are well worth the potential for superior, long-term investment returns.

2016 was a vivid example of these perils and rewards. The significant market swings in the first half of the year highlighted the difficulty in predicting what the markets will do. Fortunately, our discipline paid off as the Fund's strategy did well in the second half of the year. We do not know what the future holds, but we will continue to apply the bottom-up, value-oriented investment approach that has served us well for decades.

We want to express gratitude to the Fund's shareholders for taking the long view and having confidence in Dodge & Cox. Our strategy requires patience and persistence, and we thank you for yours.

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 2017

(a) Unless otherwise specified, all returns are in U.S. dollars and Fund returns are for the USD Accumulating Class.

(b) The MSCI World Value Index outperformed the MSCI World Growth Index by 10.0 percentage points during 2016. Generally, stocks that have lower valuations are "value" stocks, while those with higher valuations are "growth" stocks.

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

(d) Unless otherwise specified, all weightings and characteristics are as of 31 December 2016.

## AVERAGE ANNUAL TOTAL RETURN

| *For periods ended 31 December 2016* | *1 Year %* | *3 Years %* | *5 Years %* | *Since Inception %*[1] |
|---|---|---|---|---|
| Global Stock Fund | | | | |
| USD Accumulating Class | 16.81 | 4.43 | 12.76 | 8.77 |
| GBP Accumulating Class | 39.76 | 15.23 | 18.10 | 13.30 |
| GBP Distributing Class | 39.82 | 15.24 | n/a | 16.52 |
| EUR Accumulating Class | 20.64 | 14.16 | 17.54 | 14.37 |
| CAD Accumulating Class | 13.35 | 12.89 | 19.16 | 14.19 |
| MSCI World Index (USD) | 7.51 | 3.80 | 10.41 | 8.34 |

[1] 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. 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 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.*

## 2016 PERFORMANCE REVIEW

The USD Accumulating Class outperformed the MSCI World by 9.3 percentage points in 2016.

### *Key Contributors to Relative Results*

- Strong returns from the Fund's holdings in emerging markets (up 22%), specifically in Brazil, contributed to performance. Petrobras (up 159%) and Itau Unibanco (up 72%) were particularly strong performers.
- Relative returns in the Financials sector (up 16% compared to up 10% for the MSCI World sector), combined with a higher average weighting (26% versus 17%), had a positive impact. Goldman Sachs (up 35%) and Bank of America (up 33%) performed well.
- Strong returns from the Fund's holdings in the Information Technology sector (up 22% compared to up 11% for the MSCI World sector) bolstered results. Hewlett Packard Enterprise (up 54%) and Samsung Electronics (up 29%) were notable contributors.
- Additional contributors included Teck Resources (up 201% to date of sale), Sprint (up 133%), and Time Warner, Inc. (up 52%).

### *Key Detractors from Relative Results*

- The Fund's average overweight position in the Health Care sector (15% versus 13% for the MSCI World sector) hindered results because this was the weakest sector of the market (down 7%). Express Scripts (down 21%), Roche (down 15%), and Novartis (down 14%) performed poorly.
- Additional detractors included Saipem (down 43%) and Credit Suisse (down 30%).

**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.***

## AN EXTRAORDINARY YEAR

The International Stock Fund's strong absolute and relative performance in 2016 was achieved with largely the same portfolio that produced weak results in 2015. In fact, many of the biggest contributors in 2016 were some of the largest detractors in 2015. The past year's strong performance also improved the Fund's longer-term relative results. For the USD Accumulating Class, the Fund's annualised total return for the past five years was 8.0% versus 6.5% for the MSCI EAFE (Europe, Australasia, Far East) Index[(a)].

We would like to express sincere appreciation to our fellow shareholders for your patience and confidence in Dodge & Cox. These results serve as a reminder that a single quarter or year is too short an interval over which to judge the success of our strategy. Our bottom-up, value-oriented, active investment approach requires independent thinking to build the level of conviction essential to invest in companies that are out of favour. Stock prices can move dramatically in response to the headlines of the day, but it often takes time for a company's results to improve and for positive change to be recognised by other investors. Accordingly, maintaining a long-term investment horizon and staying the course when markets move against us are essential for our investment team, as well as for our fellow shareholders. We would be the first to acknowledge this is not easy to do, but our persistence to stick with our convictions in the face of market volatility was rewarded during this past year.

Uncertainty is a constant, but it can create compelling opportunities for patient, long-term, value-oriented, active investors. Our recent insight paper, "Understanding the Case for Active Management," is summarised on page 22 of this report and is available in its entirety on our website.

## MARKET COMMENTARY

The major driver of the Fund's relative results was the significant outperformance of the "value" portion of the market compared to the "growth" segment. Value stocks are those that have lower valuations than growth stocks. Recently, the more economically sensitive, cyclical sectors of the market (e.g., Energy, Financials) have accounted for a larger portion of the value category than stocks in the more defensive, stable sectors (e.g., Consumer Staples, Telecommunication Services, Utilities).

In our 2015 annual letter, we discussed the widening valuation gap between these two segments of the market and noted that we were finding increasingly attractive opportunities in the value segment. That gap widened further in the first half of 2016, marking eight consecutive quarters of value underperforming growth. As prices declined in the value areas of the market, we added to several holdings, including those in Energy, Materials, and European and UK Financials. While we did not know when the market might move in the Fund's favour, our in-depth research, valuation discipline, and three- to five-year investment horizon were critical pillars in building and maintaining our investment conviction. Value stocks staged a significant rally in the second half of 2016, driving much of the Fund's outperformance for the year.

Similarly, as emerging markets lagged developed markets on a multi-year basis through 2015, valuations became increasingly attractive, and the Fund found more investment opportunities. After a dramatic 15% drop in 2015, the MSCI Emerging Markets Index was up 11% in 2016, significantly outpacing the 1% return for developed markets stocks. Many of the Fund's largest emerging market detractors in 2015 turned out to be the biggest contributors in 2016. For example, Petrobras[(b)] and Itau Unibanco in Brazil were down 55% and 41%, respectively, in 2015, but were up 159% and 72% in 2016. We added to both holdings as their valuations declined in 2015, which later benefited the Fund.

Overall, international equity valuations remain reasonable: the MSCI EAFE trades at 14.8 times forward earnings (compared to a 20-year average of 15.7 times)[(c)]. And while valuations for the cheaper parts of the market rose in relation to more expensive market segments, the valuation spread remains compelling.

## INVESTMENT STRATEGY

In our experience, the best investment opportunities can frequently be found in areas of greatest scepticism and uncertainty. We search in these areas, which are often characterised by discounted valuations, and attempt to discern which companies have the competitive position and management talent to grow earnings and cash flow over the next three to five years. Just as important, we attempt to avoid those companies whose valuations reflect optimism that current conditions will remain intact or significantly improve and thus do not sufficiently compensate us for potential disappointment. Two areas where we currently see attractive investment opportunities amidst investor scepticism are Health Care (13% of the Fund) and European and UK Financials (20% of the Fund).

### Health Care

Health Care was the worst performing sector (down 12%) of the MSCI EAFE in 2016. Share prices for pharmaceutical companies were hurt by concerns about lower drug pricing in the United States, as pharmacy benefit managers have consolidated their market shares and exerted more pricing power. Since profits generated in the United States represent a substantial share of total profits for the global industry, many believe the outlook for long-term profitability is in question. While we acknowledge this risk, we believe the Fund's pharmaceutical holdings are compelling at recent, lower valuations of 14.2 times forward earnings, which do not appropriately reflect the long-term potential for growth in cash flow and earnings. For example, several companies in the Fund's portfolio have navigated through the most challenging wave of patent expirations, and their intensive research and development efforts are bearing fruit with meaningful new drug launches. We added to several of the Fund's holdings in the latter half of 2016, including AstraZeneca, which is the newest addition to the Fund's Health Care holdings.

AstraZeneca, which is based in the United Kingdom, is a global pharmaceutical company with strengths in treatment for cancer and respiratory, cardiovascular, and infectious diseases. The share price has been under pressure due to recent and upcoming patent expirations for major drugs. Despite this headwind, the long-term growth outlook is favourable because of the company's robust new drug pipeline, particularly in oncology. AstraZeneca has an attractive position in the revolutionary field of cancer immunotherapy, which harnesses the disease-fighting capabilities of the body's immune system to reduce and potentially eliminate cancer tumours. With a 4.6% dividend yield, the current valuation is reasonable and does not appear to reflect the potential success of the immunotherapy drug pipeline.

### European and UK Financials

In our 2016 semi-annual letter, we wrote about adding to several of the Fund's holdings in European and UK Financials during the global equity market swoon in early 2016 and after steep share price declines following the Brexit vote. European and UK Financials outperformed significantly in the second half of the year (up 33% compared to 24% for the MSCI EAFE) and represented 20% of the Fund at year end. We continue to think this industry presents some of the most attractive opportunities in the market.

Valuations remain extremely compelling: the Fund's holdings trade at an average level of 0.7 times book value, reflecting continued doubt in the market that these companies will earn sufficient returns on equity. Over the past five years, the banking industry has been challenged by low interest rates, sluggish global growth, high legal costs, and adverse regulatory changes. Management teams at many institutions have responded by aggressively cutting operating expenses and eliminating underperforming businesses. As a result, many banks are better positioned to expand profitability in an improving environment. For example, in 2012, Switzerland-based UBS Group was early to restructure its investment banking segment and focus on its wealth management business, where it is a global leader. The bank has successfully reduced its cost base, despite facing large litigation costs and new regulatory compliance expenses. Due to its large customer deposit balances, UBS should also be one of the greatest beneficiaries from higher global interest rates as net interest income expands.

### IN CLOSING

Long-term, value-oriented investing is a humbling but hopefully rewarding endeavour. It requires forming independent opinions that may be very different from the consensus view and maintaining mental and emotional discipline in the face of inevitable market fluctuations. It is possible that we will buy shares of a company too early and that business conditions may not improve as we expect. Those challenges are well worth the potential for superior, long-term investment returns.

2016 was a vivid example of these perils and rewards. The significant market swings in the first half of the year highlighted the difficulty in predicting what the markets will do. Fortunately, our discipline paid off as the Fund's strategy did well in the second half of the year. We do not know what the future holds, but we will continue to apply the bottom-up, value-oriented investment approach that has served us well for decades.

We want to express gratitude to the Fund's shareholders for taking the long view and having confidence in Dodge & Cox. Our strategy requires patience and persistence, and we thank you for yours.

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 2017

[a] Unless otherwise specified, all returns are in U.S. dollars and Fund returns are for the USD Accumulating Class.

[b] The use of specific examples does not imply that they are more attractive investments than the Fund's other holdings.

[c] Unless otherwise specified, all weightings and characteristics are as of 31 December 2016.

## AVERAGE ANNUAL TOTAL RETURN

| *For periods ended 31 December 2016* | *1 Year %* | *3 Years %* | *5 Years %* | *Since Inception %*[1] |
|---|---|---|---|---|
| International Stock Fund | | | | |
| USD Accumulating Class | 8.47 | –1.31 | 7.95 | 5.89 |
| EUR Accumulating Class | 12.00 | 7.92 | 12.49 | 8.45 |
| MSCI EAFE Index (USD) | 1.01 | –1.60 | 6.54 | 4.76 |

[1] 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 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.*

## 2016 PERFORMANCE REVIEW

The USD Accumulating Class outperformed the MSCI EAFE by 7.5 percentage points in 2016.

### *Key Contributors to Relative Results*

- Strong returns from the Fund's holdings in emerging markets (up 21%), especially in the Financials sector (up 31%), significantly contributed to performance. Petrobras (up 159%), Itau Unibanco (up 72%), and Samsung Electronics (up 41%) were notable contributors.
- The Fund's average overweight position (15% versus 5%) and holdings in the Information Technology sector (up 20% compared to up 4% for the MSCI EAFE sector) enhanced results. Hewlett Packard Enterprise (up 53%) and Nintendo (up 52%) performed well.
- The Fund's holdings in the Industrials sector (up 29% compared to up 7% for the MSCI EAFE sector) aided performance. Johnson Controls (up 40%), Mitsubishi Electric (up 34%), and Schneider Electric (up 25%) were particularly strong.
- Teck Resources (up 201% to date of sale), Schlumberger (up 24%), and Naspers (up 8%) were among the additional contributors.

### *Key Detractors from Relative Results*

- In European and UK Financials, the Fund's holdings hindered performance, especially UniCredit (down 47%), Credit Suisse Group (down 30%), Lloyds Banking Group (down 25%), and Barclays (down 12%).
- The Fund's holdings in the Consumer Discretionary sector (down 5% compared to down 2% for the MSCI EAFE sector) hurt results. Grupo Televisa (down 23%), Liberty Global (down 17%), Bayerische Motoren Werke (down 9%), and Honda Motor (down 8%) were particularly weak.
- Additional detractors included Saipem (down 43%), LM Ericsson (down 38%), and Novartis (down 14%).

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## ADDITIONAL REPORTING

***For further review of the Fund's performance and long-term investment strategy, please visit dodgeandcoxworldwide.com.***

## AN EXTRAORDINARY YEAR

The U.S. Stock Fund's strong absolute and relative performance in 2016 was achieved with largely the same portfolio that produced weak results in 2015. Many of the biggest contributors in 2016 were the largest detractors in 2015. The past year's performance also improved the Fund's longer-term relative results. For the USD Accumulating Class, the Fund's annualised total return for the past five years was 16.6% versus 14.7% for the S&P 500[(a)].

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Uncertainty is a constant, but it can create compelling opportunities for patient, long-term, value-oriented, active investors. Our recent insight paper, "Understanding the Case for Active Management," is summarised on page 22 of this report and is available in its entirety on our website.

## MARKET COMMENTARY

In 2016, global equity markets were volatile amid macroeconomic and geopolitical concerns. The U.S. equity market was one of the stronger developed markets and appreciated significantly: the S&P 500 reached an all-time high in mid-December and was up 12% for the year.

During 2015, value stocks underperformed growth stocks in the United States by one of the widest margins since the global financial crisis. This trend reversed in 2016, as U.S. value stocks outperformed growth stocks by ten percentage points[(b)], benefiting many of the Fund's value-oriented holdings. Recently, the more economically sensitive sectors of the market that are likely to benefit from an improving economy and higher interest rates (e.g., Energy, Financials) have accounted for a larger portion of the value category than stocks in the more defensive, stable sectors (e.g., Consumer Staples, Real Estate, Telecommunication Services, Utilities).

Equity returns for these two broad groups—more economically sensitive and more defensive sectors—have been highly correlated with interest rate movements in recent years. As interest rates declined to historically low levels and investors searched for yield in the equity market, defensive stocks with "bond-like" characteristics outperformed more cyclical stocks. In the first half of 2016, the best-performing sectors of the S&P 500 were Telecommunication Services and Utilities, while Financials and Information Technology were the worst performers. Conversely, as U.S. Treasury yields rose during the second half of 2016, especially after the U.S. presidential election, economically sensitive holdings outperformed considerably: Financials and Information Technology were the strongest sectors of the market, while Real Estate and Utilities were the weakest.

## INVESTMENT STRATEGY

The Fund's performance in 2016 mirrored this shift described above between the cyclical and defensive sectors: first half 2016 performance for the Fund was up 1% (versus up 4% for the S&P 500) and second half performance was up 21% (versus up 8%). As a result of individual security selection, the portfolio is tilted toward more economically sensitive companies: Financials comprised 29% of the portfolio, Information Technology accounted for 18%, and Energy was 9%[(c)]. We believe the Fund is well positioned based on our opinion that longer-term global economic growth will be better than many expect and interest rates will continue to rise. There is also a significant valuation gap between the Fund's holdings and sectors where the Fund has little or no exposure.

Our strong price discipline is an essential characteristic of our investment strategy. We constantly weigh valuation against fundamentals and seek to invest in companies where the initial valuation reflects concerns about future earnings and cash flow prospects, while our analysis reveals the possibility of more positive developments. As long-term investors, our challenge is to assess short-term concerns while investing with an eye toward future prospects. When we see long-term value, we often add to positions as valuations decline and other investors become more pessimistic. Two examples include recent activity in the Financials and Health Care sectors, which are discussed below.

### Financials

Amid heightened market volatility, we revisited and retested our thinking on many of the Fund's holdings during 2015 and the first half of 2016. As valuations became more attractive, we concluded market conditions had created long-term investment opportunities in selected economically sensitive companies, especially in Financials. Despite low interest rates and global economic challenges, we saw opportunities because many of the portfolio's Financials holdings traded at relatively inexpensive valuations (at levels not seen since the 2008 global financial crisis) although they had benefited from loan growth and improved credit quality since the crisis. We added to various companies, including American Express, Bank of America, Goldman Sachs, and MetLife[(d)].

During the second half of 2016, Financials was the best-performing sector of the S&P 500 (up 29%), in large part due to rising interest rates, and the Fund maintains a significant overweight position in the sector (29% versus 15% for the S&P 500). Profits are improving and strong capital positions allow the banks to return significant capital to shareholders via share buybacks and dividends, making them a compelling alternative to other dividend-paying stocks, in our view. As rates increase, profitability

within the sector should improve further. The sector also stands to benefit from potential easing of financial regulation by the Trump administration (e.g., The Dodd-Frank Wall Street Reform and Consumer Protection Act could be repealed or modified).

During the fourth quarter, we opportunistically added to Wells Fargo (up only 5% for 2016), which detracted from relative performance and was weak among bank stocks due to regulatory infractions and fines. We were disappointed to learn about the bank's sales practises that resulted in improper account openings, but are convinced Wells Fargo is actively addressing the issues. After a comprehensive review, we believe Wells Fargo's superior franchise, deep management team, track record of generating higher returns than other banks, and valuation at 1.6 times book value make it an attractive long-term investment opportunity. On 31 December, Wells Fargo was a 4.0% position in the Fund.

### Health Care

Health Care was the worst performing sector (down 2%) of the S&P 500 in 2016 amid legal, regulatory, and pricing concerns, especially in the Pharmaceuticals industry. Pharmacy benefit managers have exerted increased pricing pressure on drug manufacturers, aided by industry consolidation and higher market shares. This trend could impact long-term profitability for pharmaceutical companies. Additional risks include biosimilar and generic competition, as well as reduced drug reimbursement from government buyers and private payors.

Conversely, research and development (R&D) productivity has increased for many of the Fund's pharmaceutical holdings. Overall industry R&D pipelines have become larger, and new drug approvals are on the upswing. These companies stand to benefit from long-term growth in emerging markets; consumers and governments have demonstrated a tendency to spend more on health care as consumer purchasing power increases. Furthermore, the Fund's pharmaceutical holdings have reasonable valuations, strong balance sheets, high free cash flow, and cost-cutting opportunities that help mitigate risk.

After evaluating the risks versus the opportunities, the Fund remains overweight Pharmaceuticals (8% compared to 5% for the S&P 500). We added tactically to several holdings (e.g., AstraZeneca, Sanofi) as valuations became more attractive during the second half of 2016. In addition, we initiated new positions in Alnylam Pharmaceuticals and Bristol-Myers Squibb.

#### *Bristol-Myers Squibb*

Once a diversified pharmaceutical company facing significant patent expirations (a "cliff"), Bristol-Myers has transitioned into a focused biopharmaceutical company that is positioned to grow. Many of its competitors responded to their patent cliffs by expanding into other non-drug areas; Bristol-Myers shed its interests in those assets unrelated to the drug business (e.g., medical supply, nutritionals), focused on specialty drugs, and concentrated on only those therapeutic areas that it believed could be profitable over the long term. Its medicines help millions of people fight against such diseases as cancer, cardiovascular disease, hepatitis, HIV/AIDS, and rheumatoid arthritis.

In 2016, one of Bristol-Myers' lead immuno-oncology trials (CheckMate-026) failed and its stock price declined significantly. We think this is a short-term setback, and believe the company's immuno-oncology business is particularly attractive with its strong pipeline of other drugs, significant growth potential, and reasonable valuation at 20 times forward earnings. After weighing the risks versus the long-term opportunities, we initiated a position in Bristol-Myers, which accounted for 1.3% of the Fund on 31 December.

### IN CLOSING

While U.S. equity valuations have increased, we remain optimistic about the long-term outlook for the portfolio, which trades at a discount: 14.8 times forward earnings compared to 18.8 times for the S&P 500. The valuation disparities that characterise the current environment offer significant opportunities for active management. We believe that being patient, persistent, and having a long-term investment horizon are essential for investment success. While we do not know what the future holds, we will continue to apply the bottom-up, value-oriented investment approach that has served the Fund well for decades.

We want to express gratitude to the Fund's shareholders for taking the long view and having confidence in Dodge & Cox. Our strategy requires patience and persistence, and we appreciate yours.

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 2017

(a) Unless otherwise specified, all returns are in U.S. dollars and Fund returns are for the USD Accumulating Class.

(b) The Russell 1000 Value Index outperformed the Russell 1000 Growth Index by 10.3 percentage points during 2016. Generally, stocks that have lower valuations are "value" stocks, while those with higher valuations are "growth" stocks.

(c) Unless otherwise specified, all weightings and characteristics are as of 31 December 2016.

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

## AVERAGE ANNUAL TOTAL RETURN

| *For periods ended 31 December 2016* | *1 Year %* | *3 Years %* | *5 Years %* | *Since Inception %*[1] |
|---|---|---|---|---|
| U.S. Stock Fund | | | | |
| USD Accumulating Class | 21.99 | 8.80 | 16.61 | 13.57 |
| GBP Accumulating Class | 45.87 | 20.06 | 22.12 | 18.01 |
| GBP Distributing Class | 45.88 | 20.07 | n/a | 20.09 |
| EUR Accumulating Class | 25.91 | 18.93 | 21.51 | 17.54 |
| S&P 500 Index (USD) | 11.96 | 8.87 | 14.66 | 13.49 |

[1] 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. The S&P 500 Index return is measured from 1 December 2010.

*Returns represent past performance and do not guarantee future results. Investment return and share price will fluctuate with market conditions, and investors may have a gain or loss when shares are sold. Fund performance changes over time and currently may be significantly lower than stated above. Visit the Fund's website at dodgeandcoxworldwide.com for current month-end performance figures.*

*The 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 McGraw Hill Financial.*

## 2016 PERFORMANCE REVIEW

The USD Accumulating Class outperformed the S&P 500 by 10.0 percentage points in 2016.

### *Key Contributors to Relative Results*

- Returns from holdings in the Consumer Discretionary sector (up 26% compared to up 6% for the S&P 500 sector) helped results. Time Warner, Inc. (up 52%), which agreed to be acquired by AT&T, was particularly strong. Time Warner Cable (up 13% to date of merger) and Charter Communications (up 24% from date of merger) performed well, both before and after their combination.
- The Fund's holdings in the Information Technology sector (up 25% compared to up 14% for the S&P 500 sector) aided performance. Hewlett Packard Enterprise (up 54%) and HP Inc. (up 30%) were key contributors.
- The Fund's significant overweight position (27% versus 13%) in the Financials sector (up 22%, in line with the S&P 500 sector) added to relative results. Notable contributors included Goldman Sachs (up 35%) and Bank of America (up 33%).
- Following a weak 2015, Sprint (up 133%) was a standout performer.

### *Key Detractors from Relative Results*

- Selected Health Care holdings performed poorly, including Express Scripts (down 21%), Roche (down 15%), and Cigna (down 9%).
- Wells Fargo (up only 5%), a large position in the Fund, was weak among bank stocks due to regulatory infractions and fines.

**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.***

## MARKET COMMENTARY

During 2016, economic and political shocks rattled global financial markets and included the devaluation of the Chinese renminbi, the UK vote to leave the European Union (Brexit), and Donald Trump's victory in the U.S. presidential election, as well as political upheaval in several emerging market countries. The U.S. dollar and interest rates generally followed a v-shaped pattern over the course of the year, declining early on and reversing course midway through the year. The upward movement accelerated in the fourth quarter, fueled by expectations that Mr. Trump and the Republican-controlled Congress could boost growth (and inflation) via stimulative fiscal policies and scaled-back business regulation. These moves drove significant volatility in Bloomberg Barclays Global Aggregate Bond Index (Bloomberg Barclays Global Agg) returns, which were modestly positive for the year but returned 5.9% in the first quarter and declined 7.1% in the fourth quarter. Year-over-year, the U.S. dollar appreciated 5% on a broad trade-weighted basis and longer-term U.S. interest rates rose modestly.

Corporate bonds had a banner year, returning over 6%, but also experiencing high interim volatility. Fear centred around China and commodity prices drove especially weak performance in the first two months of the year. However, credit spreads subsequently reversed not only 2016's widening but all of 2015's as well. Commodity-related issuers and lower-rated bonds fared particularly well, with the Bloomberg Barclays Global High Yield Index returning 14%, exceeding the S&P 500 return of 12%.

After a weak first quarter, the U.S. economy strengthened throughout the year, with encouraging signs from consumers, labour and housing markets, along with an improved manufacturing sector. These positive developments and a higher inflation outlook led the Federal Reserve (Fed) to raise interest rates for only the second time since the financial crisis. Meanwhile, the Bank of Japan, European Central Bank, and Bank of England continued stimulative policies and expanded asset purchase programs. The exceptionally low (or negative) levels of interest rates in these markets (e.g., 10-year rates in Germany and Japan of 0.21% and 0.05%, respectively) contributed to an ongoing search for yield in global markets.

Emerging market currency performance was highly differentiated in 2016 (e.g., the Brazilian real appreciated 22% while the Turkish lira fell 17%). Generally speaking, commodity-exporters fared best while currencies in countries with geopolitical risks and/or those most vulnerable to changes in trade policies with the United States suffered. Political and economic risks for many emerging market countries are elevated, but in several cases, currencies are undervalued and interest rates are high, providing scope for country selection to provide value over a long-term investment horizon.

## INVESTMENT STRATEGY

The Global Bond Fund's 2016 performance was strong on an absolute and relative basis, led by significant gains in credit securities[a], reflecting Dodge & Cox's expertise in this area. Whereas many global bond funds focus on government securities and are guided by a top-down investment style, our process is driven from the bottom up as we scour the global bond universe and apply our intensive research process to identify a select group of attractive securities. We construct our portfolio based on this bottom-up approach, carefully balancing the attendant risks and opportunities. We believe this philosophy and process will serve us well going forward, as it did in 2016.

Performance during 2016 also highlights our staying power through difficult market environments. In February, when panic gripped the markets, many of the Fund's commodity-related and/or emerging market holdings (e.g., Rio Oil, Petrobras, Teck Resources, Kinder Morgan[b]) fell in value. Our extensive experience and research process provided us with the conviction to hold these securities, despite short-term volatility and underperformance. In fact, these holdings ended 2016 as the Fund's strongest performers.

The surge in credit valuations that drove performance means that these valuations are now less compelling than they were at the beginning of 2016. In this environment we have reduced the Fund's credit weighting but remain constructive on the outlook for credit. We have also moderately increased the duration[c] of the portfolio and increased our U.S.-dollar weighting. These changes are discussed below.

### Credit: Is the Party Over?

2016 was an exceptional year for credit markets and the Fund benefited handsomely from both its high weighting in credit as well as strong security selection within the credit universe. As discussed earlier, many of the strongest performers in 2016 were the weakest performers in 2015, particularly emerging market and/or commodity-related holdings. As the year progressed and valuations rose, we reduced exposure to selected credits that performed well, exhibiting valuation discipline as we capitalised on improvements in commodity prices and investor sentiment. As a result, the Fund's corporate weighting fell by 8% during 2016, but remains a large component of the Fund (50%[d]). As we exit a year with such strong performance for corporate bonds, does it make sense to continue to hold such a high (albeit reduced) weighting? To answer this question, we focus on valuation and long-term fundamentals, and we believe the answer is yes.

First, it's important to emphasise that the Fund's credit weighting is the result of our bottom-up approach to portfolio construction rather than a top-down view of the market. It is undeniable that broad credit market valuations are less compelling today than they were in recent years. The Bloomberg Barclays Global Credit Index's option-adjusted spread of 125 is below its 5- and 10-year medians, but well above its post-crisis low in mid-2014. We are in the later stages of a long-tenured economic expansion which could peak over our time horizon, but we see no clear catalyst for broad-based deterioration. Corporate leverage has risen in recent years, but not to alarming levels, while interest coverage remains robust, commodity prices have stabilised, and banks are well capitalised. The Fed's gradual hiking cycle, the business-friendly bias of the new Republican administration in the United States, and the continued accommodative stances of central banks outside the United States should support credit valuations. Thus, on balance, we retain a positive outlook for credit and particularly for the Fund's credit holdings which are

selected on an individual basis because of their fundamental and relative attractiveness. However, as always, we remain vigilant regarding potential shifts in sentiment or cracks in the foundation of our underlying fundamental views, and remain highly selective in adding credit exposure.

Despite a net reduction in credit during 2016, we continued to find new attractive investment opportunities. One of the Fund's newer holdings is Ultrapar Participaceoes, a leading distributor of fuel for cars and trucks, as well as residential cooking. Ultrapar was a relatively unknown issuer for the U.S. bond market but was previously a long-held equity investment at Dodge & Cox and thus a company that our investment team knows well. As a result, we were able to capitalise on the company's new bond issue in September. Our investment thesis centres on Ultrapar's franchise strength, strong free cash flow generation, conservative leverage philosophy, and high-quality management team. The security was attractively priced, reflecting the headline risks of being in a challenged country (Brazil) and industry (Energy), but we believe the fundamental strength of the business largely mitigates these risks. Even as Brazil's economy contracted in 2015 and 2016 and energy prices swooned, Ultrapar's profits grew.

### Currency: Finding Diamonds in the Rough

The Fund's U.S. dollar weighting of 85% reflects our team's assessment that the return prospects for many non-U.S. developed market currencies are meager, especially on a risk-adjusted basis. In 2016, the broad trade-weighted dollar rose for the fifth consecutive year, creating a challenging environment for investing in non-U.S. currencies. But the rally in 2016 was both smaller in magnitude and less broad-based than that of 2015, with high dispersion in currency returns providing ample opportunity for country and currency selection in 2016. The Fund's holdings in the Colombian peso and the Chilean peso did well, while the Mexican peso exposure was a significant detractor from Fund returns. Mexico faces a number of headwinds, including uncertainty over U.S. relations and trade policies, fiscal and current account deficits, and dwindling oil production. However, we believe the outlook is promising given that macroeconomic policymaking remains sound, the benefits from structural reforms should materialise over time, and the currency looks significantly undervalued, reflecting excessive pessimism.

Our research team conducts rigorous country analysis, considering qualitative factors and utilising a variety of quantitative tools to assess valuation and identify key drivers of individual currencies. The Fund's newest currency exposure is the Peruvian Sol. Peru has a relatively high growth rate (around 4%), stable and relatively low inflation levels, and strong and credible policymakers. The currency appears moderately undervalued and the central bank intervenes to mitigate its volatility, improving the risk/reward proposition.

### Rates: Caution Still Warranted

We continue to be concerned about the absolute level of interest rates, which offer only scant compensation available to offset even small increases from today's very low starting yields. Despite a notable rise in global interest rates after the U.S. election in November, yields in Europe and Japan fell over the year and U.S. rates rose only modestly. The Fund's overall duration of 3.7 years reflects our caution with regards to interest rate risk. However, we believe interest rate levels are more appealing in selected markets. For example, during the fourth quarter, we increased the Fund's duration in Peru, Colombia, and Mexico, via the purchase of 10- to 12-year maturity bonds with yields between 6% and 8%. We believe these yields provide attractive compensation relative to inflation, currency, and other country risks.

In the United States, we expect the Fed to raise rates gradually but slightly faster than what is currently priced in by the markets. This belief is underpinned by the strength of the U.S. economy and rising inflation expectations. While uncertainty exists, the potential for increased fiscal stimulus under the new administration could push yields even higher over a long-run horizon.

### IN CLOSING

The uncertainty and shocks that characterised 2016 seem more likely than not to continue in 2017, given a range of upcoming elections across the globe and the big unknowns regarding President Trump's policies. But uncertainty is a challenge, not a roadblock to successful investing. And for patient investors like us, uncertainty can present attractive risk/reward opportunities. We believe our experienced investment team and our bottom-up, value-oriented, active investment approach will serve the Fund well through this environment and beyond.

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 2017

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

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

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

(d) Unless otherwise specified, all weightings and characteristics are as of 31 December 2016.

## AVERAGE ANNUAL TOTAL RETURN

| *For periods ended 31 December 2016* | *1 Year %* | *Since Inception % (1 May 2014)* |
|---|---|---|
| Global Bond Fund | | |
| USD Accumulating Class | 8.74 | –0.19 |
| GBP Distributing Class | 30.12 | 12.32 |
| GBP Distributing Class (H) | 8.24 | –0.35 |
| EUR Accumulating Class | 12.34 | 10.69 |
| EUR Accumulating Class (H) | 7.28 | –1.02 |
| EUR Distributing Class | 12.39 | 10.70 |
| EUR Distributing Class (H) | 7.25 | –1.04 |
| Bloomberg Barclays Global Aggregate Bond Index (USD) | 2.09 | –1.51 |

*Returns represent past performance and do not guarantee future results. Investment return and share price will fluctuate with market conditions, and investors may have a gain or loss when shares are sold. Fund performance changes over time and currently may be significantly lower than stated above. Visit the Fund's website at dodgeandcoxworldwide.com for current month-end performance figures.*

*The 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.*

## 2016 PERFORMANCE REVIEW

The USD Accumulating Class outperformed the Bloomberg Barclays Global Agg by 6.7 percentage points in 2016.

### *Key Contributors to Relative Results*

- Security selection contributed significantly to outperformance, led by Brazil holdings (including Rio Oil Finance Trust and Petrobras) and other energy-related securities (including Kinder Morgan and Teck Resources).
- The Fund's relatively low exposure to the euro and the pound (combined 3%[1] versus 30% in the Bloomberg Barclays Global Agg), which depreciated 3% and 16% versus the U.S. dollar, respectively, boosted relative performance.
- The Fund's government bond holdings in Brazil, Colombia, and Chile (combined 6% versus 0.01% in the Bloomberg Barclays Global Agg) added to relative returns.
- The Fund's higher allocation to corporate bonds (58% versus 18% in the Bloomberg Barclays Global Agg) added to relative returns as credit yield premiums tightened.

### *Key Detractors from Relative Results*

- The Fund's minimal exposure to declining long-term government bond yields in Europe and Japan detracted from relative returns.
- The Fund's overweight to the Mexican peso (8% versus 0.4% in the Bloomberg Barclays Global Agg) detracted from returns as the currency depreciated 17% versus the U.S. dollar.

[1] Unless otherwise noted, figures cited in this section denote positioning at the beginning of the period.

**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.***

## UNDERSTANDING THE CASE FOR ACTIVE MANAGEMENT

One of the fiercest investment debates concerns active versus passive approaches to investing: Should investors actively choose individual investments in the hopes of beating the market, or choose a fund that tracks an index and matches the return of the market, never doing better, but never doing worse?

The most frequently cited evidence against active management is that the majority of active managers fail to beat their benchmark each year. But measuring on a 12-month basis doesn't necessarily capture the results of an active management strategy because it often takes more than a year for a strategy to come to fruition. When measurement intervals are lengthened, the results of the active versus passive comparison are significantly different—a higher percentage of active managers outperform their benchmarks. To be sure, outperformance over the long run is nowhere near a sure thing, but the data suggests active management is an eminently viable choice.

One of the attributes of successful active managers is having a high "active share," meaning their portfolio is significantly different from an index. Another attribute is having low fees and low portfolio turnover, which reduce the drag on performance exerted by expenses. Successful active managers also tend to provide higher risk-adjusted returns, because unlike index funds, they aren't obliged to invest in higher risk companies. Studies also show that active managers do better when the firms are tightly focused on specific strategies and markets and when the portfolio managers have a significant financial stake in their funds.

Research indicates that the average U.S. mutual fund investor earns two percentage points less per year than the average fund in which they are invested because they move in and out of funds at inopportune times. But if investors have the discipline to stick with good active managers through inevitable periods of underperformance, they can have meaningful prospects of outperforming the market over time.

*A summary from Dodge & Cox's insight paper titled*, "Understanding the Case for Active Management."

## COMMON STOCKS:
92.3% [93.5% at 31 December 2015[a]]

| | Shares | Fair Value | % of Fund |
|---|---|---|---|
| **CONSUMER DISCRETIONARY: 19.1% [21.3%[b]]** | | | |
| **AUTOMOBILES & COMPONENTS: 2.9% [5.4%]** | | | |
| Adient PLC (Ireland) | 40,037 | $2,346,168 | 0.1 |
| Bayerische Motoren Werke AG (Germany) | 211,450 | 19,796,549 | 0.8 |
| Honda Motor Co., Ltd. (Japan) | 933,700 | 27,182,954 | 1.1 |
| Mahindra & Mahindra, Ltd. (India) | 603,022 | 10,432,830 | 0.4 |
| Yamaha Motor Co., Ltd. (Japan) | 485,900 | 10,660,825 | 0.5 |
| | | 70,419,326 | 2.9 |
| **CONSUMER DURABLES & APPAREL: 0.4% [0.6%]** | | | |
| Coach, Inc. (United States) | 265,100 | 9,283,802 | 0.4 |
| **MEDIA: 12.3% [11.9%]** | | | |
| Altice NV, Series A (Netherlands) | 1,178,879 | 23,318,343 | 1.0 |
| Charter Communications, Inc., Class A (United States) | 165,898 | 47,765,352 | 1.9 |
| Comcast Corp., Class A (United States) | 382,400 | 26,404,720 | 1.1 |
| DISH Network Corp., Class A (United States) | 365,600 | 21,179,208 | 0.9 |
| Grupo Televisa SAB ADR (Mexico) | 1,266,300 | 26,453,007 | 1.1 |
| Liberty Global PLC LiLAC, Series A (United Kingdom) | 261,978 | 5,753,037 | 0.2 |
| Liberty Global PLC LiLAC, Series C (United Kingdom) | 259,910 | 5,502,295 | 0.2 |
| Liberty Global PLC, Series C (United Kingdom) | 1,079,100 | 32,049,270 | 1.3 |
| Naspers, Ltd. (South Africa) | 410,600 | 59,826,561 | 2.4 |
| Television Broadcasts, Ltd. (Hong Kong) | 301,100 | 990,048 | 0.0 |
| Time Warner, Inc. (United States) | 309,000 | 29,827,770 | 1.2 |
| Twenty-First Century Fox, Inc., Class A (United States) | 885,100 | 24,818,204 | 1.0 |
| | | 303,887,815 | 12.3 |
| **RETAILING: 3.5% [2.9%]** | | | |
| JD.com, Inc. ADR (Cayman Islands/China) | 1,502,100 | 38,213,424 | 1.6 |
| Target Corp. (United States) | 210,900 | 15,233,307 | 0.6 |
| The Priceline Group, Inc. (United States) | 22,700 | 33,279,562 | 1.3 |
| | | 86,726,293 | 3.5 |
| | | **470,317,236** | **19.1** |
| **CONSUMER STAPLES: 1.1% [1.8%]** | | | |
| **FOOD & STAPLES RETAILING: 0.8% [1.4%]** | | | |
| Wal-Mart Stores, Inc. (United States) | 282,100 | 19,498,752 | 0.8 |
| **FOOD, BEVERAGE & TOBACCO: 0.3% [0.4%]** | | | |
| Anadolu Efes Biracilik ve Malt Sanayii AS (Turkey) | 1,442,500 | 7,208,395 | 0.3 |
| | | **26,707,147** | **1.1** |
| **ENERGY: 6.2% [5.6%]** | | | |
| Anadarko Petroleum Corp. (United States) | 592,800 | 41,335,944 | 1.7 |
| Apache Corp. (United States) | 440,900 | 27,983,923 | 1.1 |
| Baker Hughes, Inc. (United States) | 206,813 | 13,436,640 | 0.5 |
| National Oilwell Varco, Inc. (United States) | 545,900 | 20,438,496 | 0.8 |
| Saipem SPA (Italy) | 19,635,340 | 10,986,583 | 0.5 |
| Schlumberger, Ltd. (Curacao/United States) | 372,900 | 31,304,955 | 1.3 |
| Weatherford International PLC (Ireland) | 1,507,300 | $7,521,427 | 0.3 |
| | | **153,007,968** | **6.2** |
| **FINANCIALS: 25.3% [20.8%]** | | | |
| **BANKS: 13.2% [10.9%]** | | | |
| Banco Santander SA (Spain) | 2,369,687 | 12,370,319 | 0.5 |
| Bank of America Corp. (United States) | 2,835,700 | 62,668,970 | 2.5 |
| Barclays PLC (United Kingdom) | 23,910,600 | 65,681,697 | 2.7 |
| BNP Paribas SA (France) | 450,400 | 28,691,109 | 1.2 |
| ICICI Bank, Ltd. (India) | 11,916,810 | 44,638,841 | 1.8 |
| Kasikornbank PCL- Foreign (Thailand) | 2,298,900 | 11,356,629 | 0.5 |
| Standard Chartered PLC (United Kingdom) | 5,262,981 | 43,105,781 | 1.7 |
| UniCredit SPA (Italy) | 4,202,413 | 12,081,039 | 0.5 |
| Wells Fargo & Co. (United States) | 819,500 | 45,162,645 | 1.8 |
| | | 325,757,030 | 13.2 |
| **DIVERSIFIED FINANCIALS: 9.9% [7.7%]** | | | |
| American Express Co. (United States) | 447,700 | 33,165,616 | 1.4 |
| Bank of New York Mellon Corp. (United States) | 490,300 | 23,230,414 | 0.9 |
| Capital One Financial Corp. (United States) | 537,500 | 46,891,500 | 1.9 |
| Charles Schwab Corp. (United States) | 1,287,800 | 50,829,466 | 2.1 |
| Credit Suisse Group AG (Switzerland) | 2,031,971 | 29,014,550 | 1.2 |
| Goldman Sachs Group, Inc. (United States) | 250,700 | 60,030,115 | 2.4 |
| | | 243,161,661 | 9.9 |
| **INSURANCE: 2.2% [2.2%]** | | | |
| AEGON NV (Netherlands) | 3,778,520 | 20,778,338 | 0.9 |
| Aviva PLC (United Kingdom) | 5,416,300 | 32,319,636 | 1.3 |
| | | 53,097,974 | 2.2 |
| | | **622,016,665** | **25.3** |
| **HEALTH CARE: 15.6% [14.8%]** | | | |
| **HEALTH CARE EQUIPMENT & SERVICES: 4.8% [6.3%]** | | | |
| Anthem, Inc. (United States) | 99,600 | 14,319,492 | 0.6 |
| Cigna Corp. (United States) | 286,700 | 38,242,913 | 1.6 |
| Express Scripts Holding Co. (United States) | 358,200 | 24,640,578 | 1.0 |
| UnitedHealth Group, Inc. (United States) | 248,400 | 39,753,936 | 1.6 |
| | | 116,956,919 | 4.8 |
| **PHARMACEUTICALS, BIOTECHNOLOGY & LIFE SCIENCES: 10.8% [8.5%]** | | | |
| Alnylam Pharmaceuticals, Inc. (United States) | 228,300 | 8,547,552 | 0.4 |
| AstraZeneca PLC (United Kingdom) | 645,500 | 35,007,585 | 1.4 |
| Bayer AG (Germany) | 235,900 | 24,610,496 | 1.0 |
| Bristol-Myers Squibb Co. (United States) | 446,700 | 26,105,148 | 1.1 |
| Merck & Co., Inc. (United States) | 172,600 | 10,160,962 | 0.4 |
| Novartis AG (Switzerland) | 756,800 | 55,048,610 | 2.2 |
| Roche Holding AG (Switzerland) | 166,000 | 37,823,632 | 1.5 |
| Sanofi (France) | 850,625 | 68,795,047 | 2.8 |
| | | 266,099,032 | 10.8 |
| | | **383,055,951** | **15.6** |

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

## COMMON STOCKS (continued)

| | Shares | Fair Value | % of Fund |
|---|---|---|---|
| **INDUSTRIALS: 4.3% [3.6%[c]]** | | | |
| **CAPITAL GOODS: 2.3% [1.5%]** | | | |
| Johnson Controls International PLC (Ireland) | 415,374 | $17,109,255 | 0.7 |
| Schneider Electric SA (France) | 573,000 | 39,816,427 | 1.6 |
| | | 56,925,682 | 2.3 |
| **TRANSPORTATION: 2.0% [1.0%]** | | | |
| FedEx Corp. (United States) | 131,100 | 24,410,820 | 1.0 |
| Union Pacific Corp. (United States) | 249,300 | 25,847,424 | 1.0 |
| | | 50,258,244 | 2.0 |
| | | **107,183,926** | **4.3** |
| **INFORMATION TECHNOLOGY: 12.9% [18.5%]** | | | |
| **SOFTWARE & SERVICES: 6.3% [8.4%]** | | | |
| Alphabet, Inc., Class C (United States) | 79,124 | 61,069,486 | 2.5 |
| Baidu, Inc. ADR (Cayman Islands/China) | 180,100 | 29,610,241 | 1.2 |
| Dell Technologies, Inc., Class V (United States) | 435,090 | 23,916,897 | 1.0 |
| Microsoft Corp. (United States) | 495,500 | 30,790,370 | 1.2 |
| VMware, Inc. (United States) | 125,757 | 9,900,849 | 0.4 |
| | | 155,287,843 | 6.3 |
| **TECHNOLOGY, HARDWARE & EQUIPMENT: 6.6% [10.1%]** | | | |
| Cisco Systems, Inc. (United States) | 1,167,600 | 35,284,872 | 1.4 |
| Hewlett Packard Enterprise Co. (United States) | 2,757,800 | 63,815,492 | 2.6 |
| HP Inc. (United States) | 1,564,300 | 23,214,212 | 0.9 |
| Juniper Networks, Inc. (United States) | 157,300 | 4,445,298 | 0.2 |
| Samsung Electronics Co., Ltd. (South Korea) | 11,379 | 16,813,132 | 0.7 |
| TE Connectivity, Ltd. (Switzerland) | 280,900 | 19,460,752 | 0.8 |
| | | 163,033,758 | 6.6 |
| | | **318,321,601** | **12.9** |
| **MATERIALS: 2.8% [3.0%]** | | | |
| Celanese Corp., Series A (United States) | 294,900 | 23,220,426 | 0.9 |
| LafargeHolcim, Ltd. (Switzerland) | 413,754 | 21,734,739 | 0.9 |
| Linde AG (Germany) | 143,800 | 23,579,483 | 1.0 |
| | | **68,534,648** | **2.8** |
| **REAL ESTATE: 1.3% [1.5%]** | | | |
| Hang Lung Properties, Ltd. (Hong Kong) | 4,668,400 | 9,774,855 | 0.4 |
| Hang Lung Group, Ltd. (Hong Kong) | 6,337,300 | 22,030,395 | 0.9 |
| | | **31,805,250** | **1.3** |
| **TELECOMMUNICATION SERVICES: 3.7% [2.6%]** | | | |
| Millicom International Cellular SA SDR (Luxembourg) | 390,400 | 16,675,176 | 0.7 |
| MTN Group, Ltd. (South Africa) | 3,328,700 | 30,404,669 | 1.2 |
| Sprint Corp. (United States) | 3,682,900 | 31,010,018 | 1.3 |
| Zayo Group Holdings, Inc. (United States) | 361,600 | 11,882,176 | 0.5 |
| | | **89,972,039** | **3.7** |
| **TOTAL COMMON STOCKS** | | **2,270,922,431** | **92.3** |

## PREFERRED STOCKS: 4.5% [4.2%]

| | Shares | Fair Value | % of Fund |
|---|---|---|---|
| **ENERGY: 1.0% [0.9%]** | | | |
| Petroleo Brasileiro SA ADR (Brazil) | 2,791,700 | $24,594,877 | 1.0 |
| **FINANCIALS: 1.9% [1.2%]** | | | |
| **BANKS: 1.9% [1.2%]** | | | |
| Itau Unibanco Holding SA ADR (Brazil) | 4,498,337 | 46,242,904 | 1.9 |
| **INFORMATION TECHNOLOGY: 1.6% [2.1%]** | | | |
| **TECHNOLOGY, HARDWARE & EQUIPMENT: 1.6% [2.1%]** | | | |
| Samsung Electronics Co., Ltd. (South Korea) | 32,536 | 38,259,083 | 1.6 |
| **TOTAL PREFERRED STOCKS** | | **109,096,864** | **4.5** |

## SHORT-TERM INVESTMENTS: 2.5% [2.3%]

| | Par Value | Fair Value | % of Fund |
|---|---|---|---|
| **REPURCHASE AGREEMENT: 2.5% [2.3%]** | | | |
| State Street Repurchase Agreement[d] 0.01%, dated 30/12/16, due 3/1/17, maturity value $62,027,069 | $62,027,000 | 62,027,000 | 2.5 |
| **TOTAL SHORT-TERM INVESTMENTS** | | **62,027,000** | **2.5** |
| **TOTAL INVESTMENTS EXCLUDING FINANCIAL DERIVATIVE INSTRUMENTS: 99.3% [100.0%]** | | **2,442,046,295** | **99.3** |

## FINANCIAL DERIVATIVE INSTRUMENTS: 0.3% [0.1%]

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

| Description | Number of Contracts | Expiration Date | Notional Amount | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| E-mini S&P 500 Index—Long Position | 464 | Mar 2017 | $51,879,840 | (363,209) | 0.0 |
| **Net unrealised loss on futures contracts** | | | | **(363,209)** | **0.0** |

**FORWARD CURRENCY CONTRACTS: 0.3% [0.1%]**

| Counterparty | Settle Date | Contract Amount: Receive USD | Contract Amount: Deliver Non-USD | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| **Contracts to sell CHF:** | | | | | |
| Goldman Sachs | 11/1/17 | 7,585,335 | 7,500,000 | 217,007 | 0.0 |
| UBS | 11/1/17 | 8,695,300 | 8,600,000 | 246,284 | 0.0 |
| Credit Suisse | 18/1/17 | 2,540,909 | 2,500,000 | 83,551 | 0.0 |
| Goldman Sachs | 18/1/17 | 7,625,167 | 7,500,000 | 253,095 | 0.0 |
| **Contracts to sell CNH:** | | | | | |
| JPMorgan | 25/1/17 | 3,666,714 | 24,283,000 | 210,760 | 0.0 |
| Citibank | 15/2/17 | 3,669,660 | 24,311,500 | 229,342 | 0.0 |
| JPMorgan | 15/2/17 | 3,672,155 | 24,311,500 | 231,836 | 0.0 |
| JPMorgan | 15/2/17 | 3,664,130 | 24,311,500 | 223,811 | 0.0 |
| JPMorgan | 15/2/17 | 1,531,100 | 10,154,900 | 94,081 | 0.0 |
| UBS | 22/2/17 | 14,793,524 | 99,826,700 | 689,012 | 0.1 |
| Citibank | 1/3/17 | 6,232,315 | 41,329,600 | 401,919 | 0.0 |

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

| Counterparty | Settle Date | Contract Amount Receive USD | Contract Amount Deliver Non-USD | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| Citibank | 1/3/17 | 6,231,376 | 41,329,600 | $400,979 | 0.0 |
| Credit Suisse | 8/3/17 | 4,276,643 | 28,973,400 | 195,119 | 0.0 |
| UBS | 8/3/17 | 10,694,463 | 72,433,600 | 490,640 | 0.0 |
| Citibank | 15/3/17 | 4,755,850 | 31,605,000 | 308,373 | 0.0 |
| Citibank | 15/3/17 | 2,597,354 | 17,239,000 | 171,470 | 0.0 |
| JPMorgan | 15/3/17 | 2,598,022 | 17,239,100 | 172,125 | 0.0 |
| JPMorgan | 15/3/17 | 2,590,437 | 17,202,100 | 169,746 | 0.0 |
| Bank of America | 22/3/17 | 6,110,999 | 41,307,300 | 304,421 | 0.0 |
| UBS | 22/3/17 | 14,905,736 | 100,822,400 | 733,103 | 0.1 |
| Citibank | 29/3/17 | 2,414,434 | 16,007,700 | 166,630 | 0.0 |
| Citibank | 29/3/17 | 3,706,683 | 24,627,200 | 248,526 | 0.0 |
| Citibank | 29/3/17 | 4,827,499 | 32,015,300 | 331,905 | 0.0 |
| JPMorgan | 29/3/17 | 5,076,063 | 33,654,300 | 350,320 | 0.0 |
| JPMorgan | 29/3/17 | 4,822,308 | 32,015,300 | 326,713 | 0.0 |
| Credit Suisse | 26/4/17 | 7,281,730 | 50,000,000 | 286,501 | 0.0 |
| Bank of America | 14/6/17 | 14,821,088 | 105,000,000 | 220,860 | 0.0 |
| **Contracts to sell EUR:** | | | | | |
| Citibank | 11/1/17 | 15,292,760 | 14,000,000 | 547,954 | 0.1 |
| Credit Suisse | 18/1/17 | 2,208,240 | 2,000,000 | 101,199 | 0.0 |
| Credit Suisse | 15/2/17 | 2,262,960 | 2,100,000 | 47,830 | 0.0 |
| JPMorgan | 15/2/17 | 971,573 | 900,000 | 22,231 | 0.0 |
| Barclays | 1/3/17 | 6,152,210 | 5,700,000 | 135,865 | 0.0 |

| Counterparty | Settle Date | Deliver USD | Receive Non-USD | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| **Contracts to buy EUR:** | | | | | |
| Citibank | 11/1/17 | 4,725,276 | 4,500,000 | 14,125 | 0.0 |
| **Net unrealised gain on forward currency contracts** | | | | **8,627,333** | **0.3** |
| **TOTAL FINANCIAL DERIVATIVE INSTRUMENTS** | | | | **8,264,124** | **0.3** |

| | Fair Value | % of Fund |
|---|---|---|
| **TOTAL INVESTMENTS: 99.6% [100.1%]** | **$2,450,310,419** | **99.6** |
| OTHER ASSETS LESS LIABILITIES: 0.4% [(0.1%)] | 9,545,263 | 0.4 |
| **NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS: 100.0% [100.0%]** | **$2,459,855,682** | **100.0** |

(a) Amounts in brackets represent allocations at 31 December 2015.
(b) Amount includes 0.5% allocation to Consumer Services.
(c) Amount includes 1.1% allocation to Commercial & Professional Services.
(d) Repurchase agreement is collateralised by U.S. Treasury Note 1.00%, 15/5/18. Total collateral value is $63,271,289.

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.

ADR: American Depositary Receipt
SDR: Swedish Depository Receipt

| ANALYSIS OF TOTAL ASSETS (unaudited) | % of Total Assets |
|---|---|
| Transferable securities admitted to official stock exchange listing | 96.5 |
| Short-term securities | 2.5 |
| Over the counter financial derivative instruments | 0.3 |
| Other assets | 0.7 |
| | 100.0 |

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

## COMMON STOCKS: 92.5% [93.2% at 31 December 2015[a]]

| | Shares | Fair Value | % of Fund |
|---|---|---|---|
| **CONSUMER DISCRETIONARY: 17.2% [18.2%[b]]** | | | |
| **AUTOMOBILES & COMPONENTS: 5.7% [8.6%]** | | | |
| Adient PLC (Ireland) | 1,593 | $93,350 | 0.1 |
| Bayerische Motoren Werke AG (Germany) | 11,800 | 1,104,749 | 1.7 |
| Honda Motor Co., Ltd. (Japan) | 51,100 | 1,487,682 | 2.2 |
| Mahindra & Mahindra, Ltd. (India) | 8,759 | 151,539 | 0.2 |
| NGK Spark Plug Co., Ltd. (Japan) | 6,700 | 148,314 | 0.2 |
| Yamaha Motor Co., Ltd. (Japan) | 38,700 | 849,092 | 1.3 |
| | | 3,834,726 | 5.7 |
| **CONSUMER DURABLES & APPAREL: 1.4% [1.3%]** | | | |
| Panasonic Corp. (Japan) | 96,000 | 974,304 | 1.4 |
| **MEDIA: 8.4% [7.5%]** | | | |
| Altice NV, Series A (Netherlands) | 36,700 | 725,930 | 1.1 |
| Grupo Televisa SAB ADR (Mexico) | 38,900 | 812,621 | 1.2 |
| Liberty Global PLC LiLAC, Series A (United Kingdom) | 4,952 | 108,746 | 0.2 |
| Liberty Global PLC LiLAC, Series C (United Kingdom) | 7,239 | 153,250 | 0.2 |
| Liberty Global PLC, Series A (United Kingdom) | 20,600 | 630,154 | 0.9 |
| Liberty Global PLC, Series C (United Kingdom) | 28,900 | 858,330 | 1.3 |
| Naspers, Ltd. (South Africa) | 15,630 | 2,277,372 | 3.4 |
| Television Broadcasts, Ltd. (Hong Kong) | 23,800 | 78,257 | 0.1 |
| | | 5,644,660 | 8.4 |
| **RETAILING: 1.7% [0.5%]** | | | |
| JD.com, Inc. ADR (Cayman Islands/China) | 44,400 | 1,129,536 | 1.7 |
| | | **11,583,226** | **17.2** |
| **CONSUMER STAPLES: 0.7% [0.3%]** | | | |
| **FOOD & STAPLES RETAILING: 0.5% [Nil]** | | | |
| Magnit PJSC (Russia) | 1,900 | 339,612 | 0.5 |
| **FOOD, BEVERAGE & TOBACCO: 0.2% [0.3%]** | | | |
| Anadolu Efes Biracilik ve Malt Sanayii AS (Turkey) | 33,365 | 166,730 | 0.2 |
| | | **506,342** | **0.7** |
| **ENERGY: 5.9% [6.1%]** | | | |
| Royal Dutch Shell PLC ADR (United Kingdom) | 6,316 | 343,464 | 0.5 |
| Saipem SPA (Italy) | 673,770 | 376,995 | 0.6 |
| Schlumberger, Ltd. (Curacao/United States) | 25,720 | 2,159,194 | 3.2 |
| Statoil ASA (Norway) | 3,900 | 71,063 | 0.1 |
| Suncor Energy, Inc. (Canada) | 25,400 | 830,326 | 1.2 |
| Weatherford International PLC (Ireland) | 41,640 | 207,784 | 0.3 |
| | | **3,988,826** | **5.9** |
| **FINANCIALS: 24.7% [22.8%]** | | | |
| **BANKS: 18.7% [15.3%]** | | | |
| Banco Santander SA (Spain) | 203,382 | 1,061,702 | 1.6 |
| Barclays PLC (United Kingdom) | 710,700 | 1,952,272 | 2.9 |
| BNP Paribas SA (France) | 30,400 | 1,936,522 | 2.9 |
| ICICI Bank, Ltd. (India) | 458,310 | 1,716,770 | 2.5 |
| Kasikornbank PCL- Foreign (Thailand) | 160,300 | 791,886 | 1.2 |
| Lloyds Banking Group PLC (United Kingdom) | 1,200,079 | 922,898 | 1.4 |
| Mitsubishi UFJ Financial Group, Inc. (Japan) | 110,200 | $677,506 | 1.0 |
| Societe Generale SA (France) | 26,253 | 1,288,777 | 1.9 |
| Standard Chartered PLC (United Kingdom) | 194,691 | 1,594,592 | 2.3 |
| UniCredit SPA (Italy) | 228,921 | 658,099 | 1.0 |
| | | 12,601,024 | 18.7 |
| **DIVERSIFIED FINANCIALS: 3.4% [4.1%]** | | | |
| Credit Suisse Group AG (Switzerland) | 90,177 | 1,287,639 | 1.9 |
| Haci Omer Sabanci Holding AS (Turkey) | 62,700 | 162,739 | 0.3 |
| UBS Group AG (Switzerland) | 52,200 | 817,187 | 1.2 |
| | | 2,267,565 | 3.4 |
| **INSURANCE: 2.6% [3.4%]** | | | |
| AEGON NV (Netherlands) | 154,360 | 848,836 | 1.3 |
| Aviva PLC (United Kingdom) | 148,200 | 884,325 | 1.3 |
| | | 1,733,161 | 2.6 |
| | | **16,601,750** | **24.7** |
| **HEALTH CARE: 12.6% [12.7%]** | | | |
| **PHARMACEUTICALS, BIOTECHNOLOGY & LIFE SCIENCES: 12.6% [12.7%]** | | | |
| AstraZeneca PLC (United Kingdom) | 19,600 | 1,062,973 | 1.6 |
| Bayer AG (Germany) | 12,900 | 1,345,805 | 2.0 |
| Novartis AG (Switzerland) | 29,400 | 2,138,516 | 3.1 |
| Roche Holding AG (Switzerland) | 6,430 | 1,465,096 | 2.2 |
| Sanofi (France) | 30,843 | 2,494,455 | 3.7 |
| | | **8,506,845** | **12.6** |
| **INDUSTRIALS: 8.4% [8.4%[c]]** | | | |
| **CAPITAL GOODS: 8.1% [6.8%]** | | | |
| Johnson Controls International PLC (Ireland) | 15,030 | 619,086 | 0.9 |
| Koninklijke Philips NV (Netherlands) | 22,302 | 679,788 | 1.0 |
| Mitsubishi Electric Corp. (Japan) | 104,600 | 1,454,108 | 2.2 |
| Nidec Corp. (Japan) | 6,400 | 550,400 | 0.8 |
| Schneider Electric SA (France) | 25,000 | 1,737,191 | 2.6 |
| Smiths Group PLC (United Kingdom) | 24,700 | 429,070 | 0.6 |
| | | 5,469,643 | 8.1 |
| **TRANSPORTATION: 0.3% [0.3%]** | | | |
| DP World, Ltd. (United Arab Emirates) | 10,318 | 180,668 | 0.3 |
| | | **5,650,311** | **8.4** |
| **INFORMATION TECHNOLOGY: 12.7% [14.0%[d]]** | | | |
| **SOFTWARE & SERVICES: 2.4% [2.3%]** | | | |
| Baidu, Inc. ADR (Cayman Islands/China) | 6,100 | 1,002,901 | 1.5 |
| Nintendo Co., Ltd. (Japan) | 3,130 | 654,312 | 0.9 |
| | | 1,657,213 | 2.4 |
| **TECHNOLOGY, HARDWARE & EQUIPMENT: 10.3% [10.4%]** | | | |
| Brother Industries, Ltd. (Japan) | 16,100 | 289,525 | 0.4 |
| Hewlett Packard Enterprise Co. (United States) | 67,400 | 1,559,636 | 2.3 |
| HP Inc. (United States) | 28,100 | 417,004 | 0.6 |
| Kyocera Corp. (Japan) | 20,400 | 1,011,821 | 1.5 |
| Samsung Electronics Co., Ltd. (South Korea) | 1,286 | 1,900,140 | 2.8 |
| TE Connectivity, Ltd. (Switzerland) | 13,200 | 914,496 | 1.4 |
| Telefonaktiebolaget LM Ericsson (Sweden) | 142,600 | 831,299 | 1.3 |
| | | 6,923,921 | 10.3 |
| | | **8,581,134** | **12.7** |

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

## COMMON STOCKS (continued)

| | Shares | Fair Value | % of Fund |
|---|---|---|---|
| **MATERIALS: 5.3% [5.3%]** | | | |
| Agrium, Inc. (Canada) | 5,500 | $553,025 | 0.8 |
| Akzo Nobel NV (Netherlands) | 8,381 | 523,405 | 0.8 |
| Cemex SAB de CV ADR (Mexico) | 63,500 | 509,905 | 0.8 |
| LafargeHolcim, Ltd. (Switzerland) | 20,988 | 1,102,512 | 1.6 |
| Linde AG (Germany) | 5,540 | 908,417 | 1.3 |
| | | 3,597,264 | 5.3 |
| **REAL ESTATE: 1.3% [1.4%]** | | | |
| Hang Lung Properties, Ltd. (Hong Kong) | 182,100 | 381,287 | 0.6 |
| Hang Lung Group, Ltd. (Hong Kong) | 139,700 | 485,640 | 0.7 |
| | | 866,927 | 1.3 |
| **TELECOMMUNICATION SERVICES: 3.3% [4.0%]** | | | |
| America Movil SAB de CV, Series L (Mexico) | 664,400 | 417,300 | 0.6 |
| Bharti Airtel, Ltd. (India) | 55,900 | 251,451 | 0.4 |
| Millicom International Cellular SA SDR (Luxembourg) | 12,500 | 533,913 | 0.8 |
| MTN Group, Ltd. (South Africa) | 110,900 | 1,012,972 | 1.5 |
| | | 2,215,636 | 3.3 |
| **UTILITIES: 0.4% [Nil]** | | | |
| Engie (France) | 20,294 | 258,539 | 0.4 |
| **TOTAL COMMON STOCKS** | | 62,356,800 | 92.5 |

## PREFERRED STOCKS: 6.0% [4.1%]

| | | | |
|---|---|---|---|
| **ENERGY: 1.8% [1.1%]** | | | |
| Petroleo Brasileiro SA ADR (Brazil) | 137,600 | 1,212,256 | 1.8 |
| **FINANCIALS: 2.5% [1.7%]** | | | |
| **BANKS: 2.5% [1.7%]** | | | |
| Itau Unibanco Holding SA ADR (Brazil) | 163,679 | 1,682,620 | 2.5 |
| **INFORMATION TECHNOLOGY: 1.7% [1.3%]** | | | |
| **TECHNOLOGY, HARDWARE & EQUIPMENT: 1.7% [1.3%]** | | | |
| Samsung Electronics Co., Ltd. (South Korea) | 962 | 1,131,216 | 1.7 |
| **TOTAL PREFERRED STOCKS** | | 4,026,092 | 6.0 |

## SHORT-TERM INVESTMENTS: 0.8% [2.4%]

| | Par Value | Fair Value | % of Fund |
|---|---|---|---|
| **REPURCHASE AGREEMENT: 0.8% [2.4%]** | | | |
| State Street Repurchase Agreement[e] 0.01%, dated 30/12/16, due 3/1/17, maturity value $550,001 | $550,000 | 550,000 | 0.8 |
| **TOTAL SHORT-TERM INVESTMENTS** | | 550,000 | 0.8 |
| **TOTAL INVESTMENTS EXCLUDING FINANCIAL DERIVATIVE INSTRUMENTS: 99.3% [99.7%]** | | 66,932,892 | 99.3 |

## FINANCIAL DERIVATIVE INSTRUMENTS: 0.6% [0.0%]

### FORWARD CURRENCY CONTRACTS: 0.6% [0.0%]

| Counterparty | Settle Date | Contract Amount Receive USD | Contract Amount Deliver Non-USD | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| **Contracts to sell CHF:** | | | | | |
| Goldman Sachs | 11/1/17 | 414,665 | 410,000 | $11,863 | 0.0 |
| UBS | 11/1/17 | 480,264 | 475,000 | 13,603 | 0.0 |
| Goldman Sachs | 18/1/17 | 533,762 | 525,000 | 17,717 | 0.0 |
| Bank of America | 8/3/17 | 84,703 | 85,000 | 902 | 0.0 |
| UBS | 15/3/17 | 99,218 | 100,000 | 584 | 0.0 |
| **Contracts to sell CNH:** | | | | | |
| Citibank | 25/1/17 | 442,424 | 2,926,900 | 25,868 | 0.1 |
| JPMorgan | 25/1/17 | 166,733 | 1,104,200 | 9,584 | 0.0 |
| JPMorgan | 25/1/17 | 166,739 | 1,104,200 | 9,590 | 0.0 |
| Citibank | 15/2/17 | 162,370 | 1,075,700 | 10,148 | 0.0 |
| JPMorgan | 15/2/17 | 162,480 | 1,075,700 | 10,258 | 0.0 |
| JPMorgan | 15/2/17 | 162,140 | 1,075,800 | 9,904 | 0.0 |
| UBS | 22/2/17 | 566,479 | 3,822,600 | 26,384 | 0.1 |
| Citibank | 1/3/17 | 275,760 | 1,828,700 | 17,784 | 0.1 |
| Citibank | 1/3/17 | 275,718 | 1,828,700 | 17,742 | 0.1 |
| Credit Suisse | 8/3/17 | 260,111 | 1,762,200 | 11,867 | 0.0 |
| UBS | 8/3/17 | 409,494 | 2,773,500 | 18,787 | 0.1 |
| Citibank | 15/3/17 | 210,428 | 1,398,400 | 13,644 | 0.0 |
| Citibank | 15/3/17 | 116,195 | 771,200 | 7,671 | 0.0 |
| JPMorgan | 15/3/17 | 116,224 | 771,200 | 7,700 | 0.0 |
| JPMorgan | 15/3/17 | 115,893 | 769,600 | 7,594 | 0.0 |
| Bank of America | 22/3/17 | 120,689 | 815,800 | 6,012 | 0.0 |
| UBS | 22/3/17 | 355,943 | 2,407,600 | 17,506 | 0.0 |
| Citibank | 29/3/17 | 215,973 | 1,432,300 | 14,849 | 0.0 |
| Citibank | 29/3/17 | 165,819 | 1,101,700 | 11,118 | 0.0 |
| Citibank | 29/3/17 | 108,009 | 716,100 | 7,454 | 0.0 |
| JPMorgan | 29/3/17 | 215,740 | 1,432,300 | 14,616 | 0.0 |
| JPMorgan | 29/3/17 | 227,089 | 1,505,600 | 15,672 | 0.0 |
| **Contracts to sell EUR:** | | | | | |
| Citibank | 11/1/17 | 518,862 | 475,000 | 18,591 | 0.1 |
| Barclays | 15/2/17 | 215,844 | 200,000 | 4,879 | 0.0 |
| Credit Suisse | 15/2/17 | 377,699 | 350,500 | 7,983 | 0.0 |
| JPMorgan | 15/2/17 | 188,377 | 174,500 | 4,310 | 0.0 |
| Bank of America | 22/2/17 | 319,565 | 300,000 | 3,016 | 0.0 |
| Barclays | 1/3/17 | 356,181 | 330,000 | 7,866 | 0.0 |
| HSBC | 8/3/17 | 215,698 | 200,000 | 4,525 | 0.0 |
| UBS | 15/3/17 | 133,604 | 125,000 | 1,564 | 0.0 |

| Counterparty | Settle Date | Deliver USD | Receive Non-USD | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| **Contracts to buy EUR:** | | | | | |
| Credit Suisse | 15/2/17 | 368,621 | 350,500 | 1,095 | 0.0 |
| **Net unrealised gain on forward currency contracts** | | | | 390,250 | 0.6 |
| **TOTAL FINANCIAL DERIVATIVE INSTRUMENTS** | | | | 390,250 | 0.6 |
| **TOTAL INVESTMENTS: 99.9% [99.7%]** | | | | 67,323,142 | 99.9 |
| OTHER ASSETS LESS LIABILITIES: 0.1% [0.3%] | | | | 39,782 | 0.1 |
| **NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS: 100.0% [100.0%]** | | | | $67,362,924 | 100.0 |

[a] Amounts in brackets represent allocations at 31 December 2015.
[b] Amount includes 0.3% allocation to Consumer Services.
[c] Amount includes 1.3% allocation to Commercial & Professional Services.
[d] Amount includes 1.3% allocation to Semiconductors & Semiconductor Equipment.
[e] Repurchase agreement is collateralised by U.S. Treasury Note 1.00%, 15/5/18. Total collateral value is $565,369.

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

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.

ADR: American Depositary Receipt
SDR: Swedish Depository Receipt

| ANALYSIS OF TOTAL ASSETS (unaudited) | *% of Total Assets* |
|---|---|
| Transferable securities admitted to official stock exchange listing | 98.2 |
| Short-term securities | 0.8 |
| Over the counter financial derivative instruments | 0.6 |
| Other assets | 0.4 |
| | 100.0 |

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

## COMMON STOCKS: 96.5% [97.3% at 31 December 2015[a]]

| | Shares | Fair Value | % of Fund |
|---|---|---|---|
| **CONSUMER DISCRETIONARY: 15.8% [15.4%]** | | | |
| **AUTOMOBILES & COMPONENTS: 0.7% [0.5%]** | | | |
| Adient PLC (Ireland) | 8,378 | $490,951 | 0.1 |
| Harley-Davidson, Inc. | 52,400 | 3,057,016 | 0.6 |
| | | 3,547,967 | 0.7 |
| **CONSUMER DURABLES & APPAREL: 0.5% [0.6%]** | | | |
| Coach, Inc. | 77,000 | 2,696,540 | 0.5 |
| **MEDIA: 12.1% [12.1%]** | | | |
| Charter Communications, Inc., Class A | 54,683 | 15,744,329 | 2.9 |
| Comcast Corp., Class A | 212,900 | 14,700,745 | 2.7 |
| DISH Network Corp., Class A | 93,300 | 5,404,869 | 1.0 |
| News Corp., Class A | 41,200 | 472,152 | 0.1 |
| Time Warner, Inc. | 165,600 | 15,985,368 | 3.0 |
| Twenty-First Century Fox, Inc., Class A | 362,000 | 10,150,480 | 1.9 |
| Twenty-First Century Fox, Inc., Class B | 109,000 | 2,970,250 | 0.5 |
| | | 65,428,193 | 12.1 |
| **RETAILING: 2.5% [2.2%]** | | | |
| Liberty Interactive Corp. QVC Group, Series A | 120,000 | 2,397,600 | 0.5 |
| Target Corp. | 63,000 | 4,550,490 | 0.8 |
| The Priceline Group, Inc. | 4,300 | 6,304,058 | 1.2 |
| | | 13,252,148 | 2.5 |
| | | **84,924,848** | **15.8** |
| **CONSUMER STAPLES: 1.6% [2.2%]** | | | |
| **FOOD & STAPLES RETAILING: 1.6% [2.2%]** | | | |
| Wal-Mart Stores, Inc. | 127,800 | **8,833,536** | **1.6** |
| **ENERGY: 9.3% [7.5%]** | | | |
| Anadarko Petroleum Corp. | 121,600 | 8,479,168 | 1.6 |
| Apache Corp. | 152,783 | 9,697,137 | 1.8 |
| Baker Hughes, Inc. | 135,094 | 8,777,057 | 1.6 |
| Concho Resources, Inc. | 34,000 | 4,508,400 | 0.9 |
| National Oilwell Varco, Inc. | 170,000 | 6,364,800 | 1.2 |
| Schlumberger, Ltd. (Curacao/United States) | 143,400 | 12,038,430 | 2.2 |
| | | **49,864,992** | **9.3** |
| **FINANCIALS: 29.4% [26.1%]** | | | |
| **BANKS: 11.4% [10.6%]** | | | |
| Bank of America Corp. | 964,400 | 21,313,240 | 4.0 |
| BB&T Corp. | 120,000 | 5,642,400 | 1.0 |
| JPMorgan Chase & Co. | 148,500 | 12,814,065 | 2.4 |
| Wells Fargo & Co. | 387,400 | 21,349,614 | 4.0 |
| | | 61,119,319 | 11.4 |
| **DIVERSIFIED FINANCIALS: 15.3% [13.6%]** | | | |
| American Express Co. | 155,900 | 11,549,072 | 2.1 |
| Bank of New York Mellon Corp. | 257,500 | 12,200,350 | 2.3 |
| Capital One Financial Corp. | 239,200 | 20,867,808 | 3.9 |
| Charles Schwab Corp. | 509,900 | 20,125,753 | 3.7 |
| Goldman Sachs Group, Inc. | 74,000 | 17,719,300 | 3.3 |
| | | 82,462,283 | 15.3 |
| **INSURANCE: 2.7% [1.9%]** | | | |
| MetLife, Inc. | 272,300 | 14,674,247 | 2.7 |
| | | **158,255,849** | **29.4** |
| **HEALTH CARE: 15.0% [14.8%]** | | | |
| **HEALTH CARE EQUIPMENT & SERVICES: 7.2% [8.2%]** | | | |
| Anthem, Inc. | 13,000 | $1,869,010 | 0.3 |
| Cigna Corp. | 76,900 | 10,257,691 | 1.9 |
| Danaher Corp. | 47,100 | 3,666,264 | 0.7 |
| Express Scripts Holding Co. | 116,100 | 7,986,519 | 1.5 |
| Medtronic PLC (Ireland) | 82,000 | 5,840,860 | 1.1 |
| UnitedHealth Group, Inc. | 56,400 | 9,026,256 | 1.7 |
| | | 38,646,600 | 7.2 |
| **PHARMACEUTICALS, BIOTECHNOLOGY & LIFE SCIENCES: 7.8% [6.6%]** | | | |
| Alnylam Pharmaceuticals, Inc. | 54,000 | 2,021,760 | 0.4 |
| AstraZeneca PLC ADR (United Kingdom) | 190,700 | 5,209,924 | 1.0 |
| Bristol-Myers Squibb Co. | 124,600 | 7,281,624 | 1.3 |
| Merck & Co., Inc. | 160,400 | 9,442,748 | 1.7 |
| Novartis AG ADR (Switzerland) | 86,700 | 6,315,228 | 1.2 |
| Roche Holding AG ADR (Switzerland) | 186,400 | 5,317,992 | 1.0 |
| Sanofi ADR (France) | 164,966 | 6,671,225 | 1.2 |
| | | 42,260,501 | 7.8 |
| | | **80,907,101** | **15.0** |
| **INDUSTRIALS: 4.5% [4.5%[b]]** | | | |
| **CAPITAL GOODS: 0.8% [1.2%]** | | | |
| Johnson Controls International PLC (Ireland) | 105,587 | 4,349,129 | 0.8 |
| **TRANSPORTATION: 3.7% [1.9%]** | | | |
| FedEx Corp. | 62,400 | 11,618,880 | 2.2 |
| Union Pacific Corp. | 77,600 | 8,045,568 | 1.5 |
| | | 19,664,448 | 3.7 |
| | | **24,013,577** | **4.5** |
| **INFORMATION TECHNOLOGY: 18.3% [25.1%]** | | | |
| **SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT: 0.8% [1.0%]** | | | |
| Maxim Integrated Products, Inc. | 108,000 | 4,165,560 | 0.8 |
| **SOFTWARE & SERVICES: 7.3% [11.2%]** | | | |
| Alphabet, Inc., Class C | 17,941 | 13,847,223 | 2.6 |
| Dell Technologies, Inc., Class V | 69,688 | 3,830,749 | 0.7 |
| Microsoft Corp. | 224,400 | 13,944,216 | 2.6 |
| Symantec Corp. | 24,600 | 587,694 | 0.1 |
| Synopsys, Inc. | 64,400 | 3,790,584 | 0.7 |
| VMware, Inc. | 44,600 | 3,511,358 | 0.6 |
| | | 39,511,824 | 7.3 |
| **TECHNOLOGY, HARDWARE & EQUIPMENT: 10.2% [12.9%]** | | | |
| Cisco Systems, Inc. | 351,900 | 10,634,418 | 2.0 |
| Corning, Inc. | 170,800 | 4,145,316 | 0.8 |
| Hewlett Packard Enterprise Co. | 828,500 | 19,171,490 | 3.5 |
| HP Inc. | 611,500 | 9,074,660 | 1.7 |
| Juniper Networks, Inc. | 38,199 | 1,079,504 | 0.2 |
| NetApp, Inc. | 128,300 | 4,525,141 | 0.8 |
| TE Connectivity, Ltd. (Switzerland) | 92,500 | 6,408,400 | 1.2 |
| | | 55,038,929 | 10.2 |
| | | **98,716,313** | **18.3** |

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

## COMMON STOCKS (continued)

| | Shares | Fair Value | % of Fund |
|---|---|---|---|
| **MATERIALS: 1.0% [1.0%]** | | | |
| Celanese Corp., Series A | 67,000 | $5,275,580 | 1.0 |
| **TELECOMMUNICATION SERVICES: 1.6% [0.7%]** | | | |
| Sprint Corp. | 718,838 | 6,052,616 | 1.1 |
| Zayo Group Holdings, Inc. | 75,000 | 2,464,500 | 0.5 |
| | | 8,517,116 | 1.6 |
| **TOTAL COMMON STOCKS** | | 519,308,912 | 96.5 |

## SHORT-TERM INVESTMENTS: 3.3% [2.9%]

| | Par Value | Fair Value | % of Fund |
|---|---|---|---|
| **REPURCHASE AGREEMENT: 3.3% [2.9%]** | | | |
| State Street Repurchase Agreement[c] 0.01%, dated 30/12/16, due 3/1/17, maturity value $18,089,020 | $18,089,000 | 18,089,000 | 3.3 |
| **TOTAL SHORT-TERM INVESTMENTS** | | 18,089,000 | 3.3 |
| **TOTAL INVESTMENTS EXCLUDING FINANCIAL DERIVATIVE INSTRUMENTS: 99.8% [100.2%]** | | 537,397,912 | 99.8 |

## FINANCIAL DERIVATIVE INSTRUMENTS: (0.0%) [Nil]

**FUTURES CONTRACTS: (0.0%) [Nil]**

| Description | Number of Contracts | Expiration Date | Notional Amount | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| E-mini S&P 500 Index—Long Position | 146 | Mar 2017 | $16,324,260 | (108,314) | 0.0 |
| **Net unrealised loss on futures contracts** | | | | (108,314) | 0.0 |
| **TOTAL FINANCIAL DERIVATIVE INSTRUMENTS** | | | | (108,314) | 0.0 |

| | Fair Value | % of Fund |
|---|---|---|
| **TOTAL INVESTMENTS: 99.8% [100.2%]** | $537,289,598 | 99.8 |
| OTHER ASSETS LESS LIABILITIES: 0.2% [(0.2%)] | 1,047,538 | 0.2 |
| **NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS: 100.0% [100.0%]** | $538,337,136 | 100.0 |

[a] Amounts in brackets represent allocations at 31 December 2015.
[b] Amount includes 1.4% allocation to Commercial & Professional Services.
[c] Repurchase agreement is collateralised by U.S. Treasury Note 1.00%, 15/5/18. Total collateral value is $18,452,041.

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.

ADR: American Depositary Receipt

## ANALYSIS OF TOTAL ASSETS (unaudited)

| | % of Total Assets |
|---|---|
| Transferable securities admitted to official stock exchange listing | 95.7 |
| Short-term securities | 3.3 |
| Other assets | 1.0 |
| | 100.0 |

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

## DEBT SECURITIES:
97.3% [97.1% at 31 December 2015[a]]

| | | Par Value | Fair Value | % of Fund |
|---|---|---|---|---|
| **GOVERNMENT: 18.3% [16.8%]** | | | | |
| Colombia Government (Colombia) | | | | |
| 9.85%, 28/6/27 | COP | 3,560,000,000 | $1,394,828 | 2.6 |
| Japan Treasury Discount Bill (Japan) | | | | |
| 27/2/17 | JPY | 80,000,000 | 684,780 | 1.3 |
| 10/3/17 | JPY | 180,000,000 | 1,540,925 | 2.8 |
| Mexico Government (Mexico) | | | | |
| 2.00%, 9/6/22[b] | MXN | 36,427,439 | 1,694,757 | 3.1 |
| 5.75%, 5/3/26 | MXN | 62,700,000 | 2,683,738 | 4.9 |
| Peru Government GDN (Peru) | | | | |
| 6.35%, 12/8/28 | PEN | 3,650,000 | 1,070,878 | 2.0 |
| U.S. Treasury Note/Bond (United States) | | | | |
| 0.875%, 31/5/18 | USD | 850,000 | 848,246 | 1.6 |
| | | | 9,918,152 | 18.3 |
| **GOVERNMENT-RELATED: 8.6% [8.6%]** | | | | |
| Chicago Transit Authority RB (United States) | | | | |
| 6.899%, 12/1/40 | USD | 840,000 | 1,054,592 | 2.0 |
| Indonesia Government International (Indonesia) | | | | |
| 3.75%, 14/6/28 | EUR | 975,000 | 1,043,455 | 1.9 |
| Peru Government International (Peru) | | | | |
| 3.75%, 1/3/30 | EUR | 450,000 | 533,421 | 1.0 |
| Petroleo Brasileiro SA (Brazil) | | | | |
| 7.25%, 17/3/44 | USD | 325,000 | 286,878 | 0.5 |
| Petroleos Mexicanos (Mexico) | | | | |
| 2.75%, 21/4/27 | EUR | 325,000 | 300,630 | 0.5 |
| 6.375%, 23/1/45 | USD | 225,000 | 204,750 | 0.4 |
| 6.75%, 21/9/47 | USD | 450,000 | 425,160 | 0.8 |
| State of Illinois GO (United States) | | | | |
| 5.665%, 1/3/18 | USD | 345,000 | 356,985 | 0.7 |
| 5.877%, 1/3/19 | USD | 150,000 | 159,017 | 0.3 |
| 5.10%, 1/6/33 | USD | 300,000 | 265,146 | 0.5 |
| | | | 4,630,034 | 8.6 |
| **SECURITIZED: 20.0% [13.6%]** | | | | |
| Chase Issuance Trust (United States) | | | | |
| Series 2015-A2 A2, 1.59%, 18/2/20 | USD | 615,000 | 616,702 | 1.1 |
| Series 2016-A5 A5, 1.27%, 15/7/21 | USD | 1,000,000 | 986,266 | 1.8 |
| Fannie Mae, 20 Year (United States) | | | | |
| 4.50%, 1/9/30 | USD | 709,256 | 763,388 | 1.4 |
| 4.00%, 1/10/31 | USD | 263,917 | 279,811 | 0.5 |
| 4.00%, 1/6/35 | USD | 68,732 | 73,012 | 0.1 |
| Fannie Mae, Hybrid ARM (United States) | | | | |
| 2.907%, 1/8/44 | USD | 56,506 | 58,029 | 0.1 |
| 3.023%, 1/8/44 | USD | 527,220 | 542,626 | 1.0 |
| Fannie Mae, 30 Year (United States) | | | | |
| 4.50%, 1/2/45 | USD | 436,731 | 472,526 | 0.9 |
| Ford Credit Auto Owner Trust (United States) | | | | |
| Series 2015-B A3, 1.16%, 15/11/19 7 Year | USD | 299,154 | 298,871 | 0.6 |
| Freddie Mac (United States) | | | | |
| Series T-59 1A1, 6.50%, 25/10/43 | USD | 198,194 | $232,082 | 0.4 |
| Series 4319 MA, 4.50%, 15/3/44 | USD | 261,486 | 281,409 | 0.5 |
| Freddie Mac, Hybrid ARM (United States) | | | | |
| 2.737%, 1/11/44 | USD | 412,044 | 421,566 | 0.8 |
| 2.711%, 1/1/45 | USD | 671,455 | 685,551 | 1.3 |
| 2.759%, 1/10/45 | USD | 2,534,478 | 2,581,530 | 4.8 |
| 2.747%, 1/5/46 | USD | 674,924 | 687,387 | 1.3 |
| Freddie Mac Gold, 30 Year (United States) | | | | |
| 4.50%, 1/8/44 | USD | 217,595 | 233,706 | 0.4 |
| Navient Student Loan Trust (Private Loans) (United States) | | | | |
| Series 2015-CA B, 3.25%, 15/5/40 | USD | 650,000 | 644,547 | 1.2 |
| Rio Oil Finance Trust (Brazil) | | | | |
| 9.25%, 6/7/24 | USD | 780,837 | 733,987 | 1.4 |
| 9.75%, 6/1/27 | USD | 234,657 | 215,884 | 0.4 |
| | | | 10,808,880 | 20.0 |
| **CORPORATE: 50.4% [58.1%]** | | | | |
| **FINANCIALS: 12.7% [16.9%]** | | | | |
| Bank of America Corp. (United States) | | | | |
| 4.25%, 22/10/26 | USD | 250,000 | 252,659 | 0.5 |
| 6.625%, 23/5/36[c] | USD | 260,000 | 287,249 | 0.5 |
| Barclays PLC (United Kingdom) | | | | |
| 4.375%, 12/1/26 | USD | 525,000 | 531,732 | 1.0 |
| BNP Paribas SA (France) | | | | |
| 5.75%, 24/1/22 | GBP | 325,000 | 466,270 | 0.8 |
| 4.375%, 28/9/25 | USD | 200,000 | 198,589 | 0.4 |
| Capital One Financial Corp. (United States) | | | | |
| 3.75%, 24/4/24 | USD | 525,000 | 531,225 | 1.0 |
| Citigroup, Inc. (United States) | | | | |
| 7.257%, 30/10/40[c] | USD | 767,500 | 795,127 | 1.5 |
| HSBC Holdings PLC (United Kingdom) | | | | |
| 5.75%, 20/12/27 | GBP | 275,000 | 389,704 | 0.7 |
| 6.50%, 15/9/37 | USD | 340,000 | 420,852 | 0.8 |
| JPMorgan Chase & Co. (United States) | | | | |
| 3.375%, 1/5/23 | USD | 525,000 | 522,581 | 1.0 |
| Lloyds Banking Group PLC (United Kingdom) | | | | |
| 4.50%, 4/11/24 | USD | 800,000 | 811,125 | 1.5 |
| Navient Corp. (United States) | | | | |
| 8.45%, 15/6/18 | USD | 375,000 | 404,062 | 0.7 |
| Royal Bank of Scotland Group PLC (United Kingdom) | | | | |
| 6.125%, 15/12/22 | USD | 150,000 | 159,330 | 0.3 |
| 6.00%, 19/12/23 | USD | 500,000 | 518,815 | 0.9 |
| Wells Fargo & Co. (United States) | | | | |
| 2.15%, 6/12/19 | USD | 350,000 | 349,747 | 0.6 |
| 1.601%, 6/12/19 | USD | 250,000 | 250,606 | 0.5 |
| | | | 6,889,673 | 12.7 |
| **INDUSTRIALS: 33.5% [37.9%]** | | | | |
| Anheuser-Busch InBev SA/NV (Belgium) | | | | |
| 5.375%, 15/1/20 | USD | 100,000 | 109,004 | 0.2 |
| AT&T, Inc. (United States) | | | | |
| 4.50%, 9/3/48 | USD | 904,000 | 815,002 | 1.5 |
| BHP Billiton, Ltd. (Australia) | | | | |
| 5.625%, 22/10/79[c] | EUR | 225,000 | 267,068 | 0.5 |

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

## DEBT SECURITIES (continued)

| | | Par Value | Fair Value | % of Fund |
|---|---|---|---|---|
| Cemex SAB de CV (Mexico) | | | | |
| 7.25%, 15/1/21 | USD | 500,000 | $532,500 | 1.0 |
| 7.75%, 16/4/26 | USD | 500,000 | 553,750 | 1.0 |
| Charter Communications, Inc. (United States) | | | | |
| 6.75%, 15/6/39 | USD | 700,000 | 812,566 | 1.5 |
| Concho Resources, Inc. (United States) | | | | |
| 6.50%, 15/1/22 | USD | 425,000 | 439,748 | 0.8 |
| Cox Enterprises, Inc. (United States) | | | | |
| 2.95%, 30/6/23 | USD | 850,000 | 799,028 | 1.5 |
| Dell Technologies, Inc. (United States) | | | | |
| 4.42%, 15/6/21 | USD | 325,000 | 336,008 | 0.6 |
| 5.45%, 15/6/23 | USD | 200,000 | 211,931 | 0.4 |
| Ford Motor Credit Co. LLC[d] (United States) | | | | |
| 5.875%, 2/8/21 | USD | 725,000 | 799,975 | 1.5 |
| Grupo Televisa SAB (Mexico) | | | | |
| 8.50%, 11/3/32 | USD | 425,000 | 519,982 | 1.0 |
| HCA Holdings, Inc. (United States) | | | | |
| 4.75%, 1/5/23 | USD | 800,000 | 819,000 | 1.5 |
| Imperial Brands PLC (United Kingdom) | | | | |
| 4.25%, 21/7/25 | USD | 525,000 | 541,229 | 1.0 |
| Kinder Morgan, Inc. (United States) | | | | |
| 6.95%, 15/1/38 | USD | 975,000 | 1,129,327 | 2.1 |
| LafargeHolcim, Ltd. (Switzerland) | | | | |
| 7.125%, 15/7/36 | USD | 500,000 | 604,327 | 1.1 |
| 4.75%, 22/9/46 | USD | 200,000 | 193,430 | 0.4 |
| Macy's, Inc. (United States) | | | | |
| 6.90%, 1/4/29 | USD | 115,000 | 130,032 | 0.2 |
| 6.90%, 15/1/32 | USD | 175,000 | 194,414 | 0.4 |
| 6.375%, 15/3/37 | USD | 200,000 | 211,003 | 0.4 |
| Millicom International Cellular SA (Luxembourg) | | | | |
| 6.625%, 15/10/21 | USD | 1,025,000 | 1,080,043 | 2.0 |
| Molex Electronic Technologies LLC[d] (United States) | | | | |
| 2.878%, 15/4/20 | USD | 300,000 | 299,124 | 0.5 |
| MTN Group, Ltd. (South Africa) | | | | |
| 4.755%, 11/11/24 | USD | 600,000 | 549,720 | 1.0 |
| Naspers, Ltd. (South Africa) | | | | |
| 5.50%, 21/7/25 | USD | 1,050,000 | 1,057,623 | 2.0 |
| RELX PLC (United Kingdom) | | | | |
| 3.125%, 15/10/22 | USD | 300,000 | 296,965 | 0.5 |
| Telecom Italia SPA (Italy) | | | | |
| 6.375%, 24/6/19 | GBP | 400,000 | 539,041 | 1.0 |
| 7.721%, 4/6/38 | USD | 500,000 | 516,250 | 0.9 |
| Time Warner, Inc. (United States) | | | | |
| 6.20%, 15/3/40 | USD | 475,000 | 547,427 | 1.0 |
| TransCanada Corp. (Canada) | | | | |
| 5.625%, 20/5/75[c] | USD | 1,050,000 | 1,060,500 | 2.0 |
| Twenty-First Century Fox, Inc. (United States) | | | | |
| 6.65%, 15/11/37 | USD | 425,000 | 522,194 | 1.0 |
| Ultrapar Participacoes SA (Brazil) | | | | |
| 5.25%, 6/10/26 | USD | 300,000 | 293,970 | 0.5 |
| Verizon Communications, Inc. (United States) | | | | |
| 6.40%, 15/2/38 | USD | 250,000 | 301,399 | 0.6 |
| 6.55%, 15/9/43 | USD | 175,000 | 218,192 | 0.4 |
| Vulcan Materials Co. (United States) | | | | |
| 7.50%, 15/6/21 | USD | 450,000 | 529,875 | 1.0 |
| Zoetis, Inc. (United States) | | | | |
| 4.50%, 13/11/25 | USD | 250,000 | 264,691 | 0.5 |
| | | | 18,096,338 | 33.5 |

| | | Par Value | Fair Value | % of Fund |
|---|---|---|---|---|
| **UTILITIES: 4.2% [3.3%]** | | | | |
| Dominion Resources, Inc. (United States) | | | | |
| 5.75%, 1/10/54[c] | USD | 775,000 | $794,375 | 1.5 |
| Enel SPA (Italy) | | | | |
| 6.00%, 7/10/39 | USD | 725,000 | 808,658 | 1.5 |
| The Southern Co. (United States) | | | | |
| 5.50%, 15/3/57[c] | USD | 650,000 | 656,539 | 1.2 |
| | | | 2,259,572 | 4.2 |
| | | | 27,245,583 | 50.4 |
| **TOTAL DEBT SECURITIES** | | | **52,602,649** | **97.3** |

## SHORT-TERM INVESTMENTS: 2.1% [2.4%]

| | | | | |
|---|---|---|---|---|
| **REPURCHASE AGREEMENT: 2.1% [2.4%]** | | | | |
| State Street Repurchase Agreement[e] | | | | |
| 0.01%, dated 31/12/16, due 3/1/17, maturity value $1,111,001 | USD | 1,111,000 | 1,111,000 | 2.1 |
| **TOTAL SHORT-TERM INVESTMENTS** | | | **1,111,000** | **2.1** |
| **TOTAL INVESTMENTS EXCLUDING FINANCIAL DERIVATIVE INSTRUMENTS: 99.4% [99.5%]** | | | **53,713,649** | **99.4** |

## FINANCIAL DERIVATIVE INSTRUMENTS: 0.4% [(0.3%)]

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

| Description | Number of Contracts | Expiration Date | Notional Amount | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| 10 Year U.S. Treasury Note—Short Position | 50 | Mar 2017 | $(6,214,062) | 37,818 | 0.1 |
| Euro-Bund Future—Short Position | 7 | Mar 2017 | (1,209,548) | (21,299) | 0.0 |
| Long Term U.S. Treasury Bond—Short Position | 9 | Mar 2017 | (1,442,250) | 15,025 | 0.0 |
| Unrealised gain on futures contracts | | | | 52,843 | 0.1 |
| Unrealised loss on futures contracts | | | | (21,299) | 0.0 |
| **Net unrealised gain on futures contracts** | | | | **31,544** | **0.1** |

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

**CENTRALLY CLEARED INTEREST RATE SWAPS[f]: (0.2%) [(0.3%)]**

| Notional Amount | Expiration Date | Contract Amount: Fixed Rate | Contract Amount: Floating Rate | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| **Pay Fixed/Receive Floating:** | | | | | |
| $550,000 | 6/5/24 | 2.721% | USD LIBOR 3-Month | ($22,285) | 0.0 |
| 875,000 | 22/8/24 | 2.57 | USD LIBOR 3-Month | (30,557) | (0.1) |
| 900,000 | 29/7/45 | 2.774 | USD LIBOR 3-Month | (45,925) | (0.1) |
| 300,000 | 15/3/47 | 2.25 | USD LIBOR 3-Month | 3,854 | 0.0 |
| Unrealised gain on interest rate swaps | | | | 3,854 | 0.0 |
| Unrealised loss on interest rate swaps | | | | (98,767) | (0.2) |
| **Net unrealised loss on interest rate swaps** | | | | **(94,913)** | **(0.2)** |

**FORWARD CURRENCY CONTRACTS: 0.5% [0.0%]**

| Counterparty | Settle Date | Contract Amount: Receive USD | Contract Amount: Deliver Non-USD | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| **Contracts to sell EUR:** | | | | | |
| Barclays | 18/1/17 | 353,710 | 320,000 | 16,583 | 0.0 |
| Bank of America | 22/2/17 | 587,813 | 550,000 | 7,474 | 0.0 |
| Bank of America | 22/2/17 | 531,540 | 500,000 | 3,959 | 0.0 |
| Bank of America | 22/2/17 | 264,395 | 250,000 | 604 | 0.0 |
| Barclays | 22/2/17 | 427,048 | 400,000 | 4,984 | 0.0 |
| **Contracts to sell GBP:** | | | | | |
| Bank of America | 15/3/17 | 218,180 | 175,000 | 2,136 | 0.0 |
| Bank of America | 15/3/17 | 689,238 | 550,000 | 10,245 | 0.0 |
| Barclays | 15/3/17 | 557,521 | 420,000 | 39,018 | 0.1 |
| **Contracts to sell INR:** | | | | | |
| Barclays | 18/1/17 | 546,610 | 37,000,000 | 2,159 | 0.0 |
| **Contracts to sell JPY:** | | | | | |
| Bank of America | 27/2/17 | 722,645 | 80,000,000 | 36,346 | 0.1 |
| Bank of America | 10/3/17 | 1,060,378 | 120,000,000 | 30,406 | 0.1 |
| Barclays | 10/3/17 | 577,050 | 60,000,000 | 62,064 | 0.1 |

| Counterparty | Settle Date | Contract Amount: Deliver USD | Contract Amount: Receive Non-USD | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| **Contracts to buy INR:** | | | | | |
| Barclays | 18/1/17 | 878,267 | 61,000,000 | 19,341 | 0.1 |
| Barclays | 1/3/17 | 707,581 | 49,000,000 | 10,063 | 0.0 |
| **Net unrealised gain on forward currency contracts** | | | | **245,382** | **0.5** |

**FORWARD CURRENCY CONTRACTS—SHARE CLASS HEDGING: 0.0% [(0.1%)]**

| Counterparty | Settle Date | Contract Amount: Receive USD | Contract Amount: Deliver Non-USD | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| **Contracts to sell EUR:** | | | | | |
| State Street | 31/1/17 | 15,502 | 14,891 | (194) | 0.0 |
| State Street | 31/1/17 | 17,792 | 17,012 | (140) | 0.0 |
| State Street | 31/1/17 | 17,795 | 17,014 | (140) | 0.0 |
| **Contracts to sell GBP:** | | | | | |
| State Street | 31/1/17 | 15,185 | 12,244 | 85 | 0.0 |
| State Street | 31/1/17 | 17,975 | 14,611 | (45) | 0.0 |

| Counterparty | Settle Date | Contract Amount: Deliver USD | Contract Amount: Receive Non-USD | Unrealised Gain (Loss) | % of Fund |
|---|---|---|---|---|---|
| **Contracts to buy EUR:** | | | | | |
| State Street | 31/1/17 | 1,479,930 | 1,414,726 | $11,355 | 0.0 |
| State Street | 31/1/17 | 1,479,689 | 1,414,497 | 11,354 | 0.0 |
| State Street | 31/1/17 | 15,489 | 14,891 | 207 | 0.0 |
| **Contracts to buy GBP:** | | | | | |
| State Street | 31/1/17 | 15,146 | 12,243 | (47) | 0.0 |
| State Street | 31/1/17 | 1,458,152 | 1,184,973 | 3,283 | 0.0 |
| Unrealised gain on forward currency contracts—share class hedging | | | | 26,284 | 0.0 |
| Unrealised loss on forward currency contracts—share class hedging | | | | (566) | 0.0 |
| **Net unrealised gain on forward currency contracts—share class hedging** | | | | **25,718** | **0.0** |

| | | |
|---|---|---|
| **TOTAL FINANCIAL DERIVATIVE INSTRUMENTS** | **207,731** | **0.4** |

| | Fair Value | % of Fund |
|---|---|---|
| **TOTAL INVESTMENTS: 99.8% [99.2%]** | **$53,921,380** | **99.8** |
| OTHER ASSETS LESS LIABILITIES: 0.2% [0.8%] | 135,269 | 0.2 |
| **NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS: 100.0% [100.0%]** | **$54,056,649** | **100.0** |

[a] Amounts in brackets represent allocations at 31 December 2015.
[b] Inflation-linked
[c] Hybrid security
[d] Subsidiary (see below)
[e] Repurchase agreement is collateralised by U.S. Treasury Note 1.00%, 15/5/18. Total collateral value is $1,135,741.
[f] 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.

ARM: Adjustable Rate Mortgage
GO: General Obligation
RB: Revenue Bond
COP: Colombian Peso
EUR: Euro
GBP: British Pound
INR: Indian Rupee
JPY: Japanese Yen
MXN: Mexican Peso
PEN: Peruvian Sol
USD: United States Dollar

| ANALYSIS OF TOTAL ASSETS (unaudited) | % of Total Assets |
|---|---|
| Transferable securities dealt in on a regulated market | 95.0 |
| Short-term securities | 2.0 |
| Financial derivative instruments dealt in on a regulated market | 0.1 |
| Over the counter financial derivative instruments | 0.5 |
| Other assets | 2.4 |
| | 100.0 |

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

## STATEMENT OF FINANCIAL POSITION

| U.S. Dollars ($) | Note | Global Stock Fund 31 December 2016 | Global Stock Fund 31 December 2015 | International Stock Fund 31 December 2016 | International Stock Fund 31 December 2015 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash | 1(j) | $627,201 | $4,996 | $1,722 | $176,673 |
| Cash held at broker | 1(d,e) | 2,360,717 | – | – | – |
| **Financial assets at fair value through profit or loss:** | | | | | |
| Investments at fair value, excluding financial derivative instruments | 1(b) | 2,442,046,295 | 1,951,815,095 | 66,932,892 | 67,398,230 |
| Unrealised gain on futures contracts | 1(d) | – | – | – | – |
| Unrealised gain on interest rate swaps | 1(e) | – | – | – | – |
| Unrealised gain on forward currency contracts | 1(f,l) | 8,627,333 | 1,175,529 | 390,250 | 42,429 |
| **Debtors:** | | | | | |
| Dividends receivable | | 2,855,046 | 2,534,935 | 145,673 | 125,131 |
| Interest receivable | | – | – | – | – |
| Receivable for investments sold | | 1,390,767 | 1,938,282 | 48,561 | 137,703 |
| Receivable for fund shares subscribed | | 7,747,616 | 1,930,068 | – | 4,800,000 |
| Receivable from Investment Manager | 9 | – | – | 50,231 | 24,914 |
| **TOTAL ASSETS** | | 2,465,654,975 | 1,959,398,905 | 67,569,329 | 72,705,080 |
| **LIABILITIES** | | | | | |
| **Financial liabilities at fair value through profit or loss:** | | | | | |
| Unrealised loss on futures contracts | 1(d) | (363,209) | – | – | – |
| Unrealised loss on interest rate swaps | 1(e) | – | – | – | – |
| Unrealised loss on forward currency contracts | 1(f,l) | – | (155,662) | – | (33,481) |
| **Creditors, amounts falling due within one year:** | | | | | |
| Bank overdraft | 1(j) | – | – | – | – |
| Payable for investments purchased | | (1,210,072) | (3,756,332) | – | (4,892,192) |
| Payable for fund shares redeemed | | (1,340,243) | (951,992) | (47,588) | – |
| Distribution payable | | (193,565) | (157,635) | – | – |
| Management fee payable | 9 | (2,342,538) | (1,971,685) | (66,971) | (64,496) |
| Other accrued expenses | | (349,666) | (405,237) | (91,846) | (103,601) |
| **TOTAL LIABILITIES** | | (5,799,293) | (7,398,543) | (206,405) | (5,093,770) |
| **NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS** | 1(k) | **$2,459,855,682** | **$1,952,000,362** | **$67,362,924** | **$67,611,310** |

On behalf of the Board of Directors

/s/ Thomas M. Mistele
Director

/s/ Donal A. Byrne
Director

22 March 2017

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

| U.S. Stock Fund | | Global Bond Fund | | Total Company | |
|---|---|---|---|---|---|
| 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| $988 | $2,216 | $– | $2,785 | $629,911 | $186,670 |
| 635,267 | – | 323,694 | 258,115 | 3,319,678 | 258,115 |
| 537,397,912 | 367,832,439 | 53,713,649 | 36,269,833 | 3,100,090,748 | 2,423,315,597 |
| – | – | 52,843 | 15,507 | 52,843 | 15,507 |
| – | – | 3,854 | – | 3,854 | – |
| – | – | 271,666 | 28,259 | 9,289,249 | 1,246,217 |
| 452,217 | 390,060 | – | – | 3,452,936 | 3,050,126 |
| – | – | 632,525 | 525,697 | 632,525 | 525,697 |
| 651,007 | 66,816 | 274,562 | – | 2,364,897 | 2,142,801 |
| 3,753,011 | 664,172 | – | – | 11,500,627 | 7,394,240 |
| 42,729 | 15,021 | 72,111 | 58,379 | 165,071 | 98,314 |
| 542,933,131 | 368,970,724 | 55,344,904 | 37,158,575 | 3,131,502,339 | 2,438,233,284 |
| (108,314) | – | (21,299) | (4,834) | (492,822) | (4,834) |
| – | – | (98,767) | (113,350) | (98,767) | (113,350) |
| – | – | (566) | (47,764) | (566) | (236,907) |
| – | – | (51,119) | – | (51,119) | – |
| (1,234,729) | (526,588) | (939,631) | (374,232) | (3,384,432) | (9,549,344) |
| (2,317,341) | (581,033) | – | – | (3,705,172) | (1,533,025) |
| (317,592) | (139,935) | (3,017) | (88) | (514,174) | (297,658) |
| (478,307) | (371,318) | (35,380) | (30,989) | (2,923,196) | (2,438,488) |
| (139,712) | (163,286) | (138,476) | (149,185) | (719,700) | (821,309) |
| (4,595,995) | (1,782,160) | (1,288,255) | (720,442) | (11,889,948) | (14,994,915) |
| **$538,337,136** | **$367,188,564** | **$54,056,649** | **$36,438,133** | **$3,119,612,391** | **$2,423,238,369** |

## STATEMENT OF COMPREHENSIVE INCOME

| U.S. Dollars ($) | Note | Global Stock Fund year ended 31 December 2016 | Global Stock Fund year ended 31 December 2015 | International Stock Fund year ended 31 December 2016 | International Stock Fund year ended 31 December 2015 |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Dividends | 1(h) | $39,594,597 | $27,491,226 | $1,665,169 | $1,532,621 |
| Interest | 1(h) | 3,712 | 7,884 | 54 | 1,708 |
| | | 39,598,309 | 27,499,110 | 1,665,223 | 1,534,329 |
| **Net gain (loss) on investments at fair value** | | | | | |
| **Net realised gain (loss) on:** | | | | | |
| Investments | 1(g) | 67,090,313 | 17,990,945 | 76,984 | 1,067,107 |
| Futures contracts | 1(d) | 7,660,921 | – | – | – |
| Interest rate swaps | 1(e) | – | – | – | – |
| Forward currency contracts | 1(f) | 3,133,973 | 3,252,230 | 119,975 | 419,199 |
| Forward currency contracts – share class hedging | 1(l) | – | – | – | – |
| Foreign currency transactions | 1(g) | (200,441) | (116,122) | (1,739) | (23,760) |
| **Net change in unrealised gain (loss) on:** | | | | | |
| Investments | 1(g) | 236,372,612 | (226,214,626) | 3,591,822 | (11,157,097) |
| Futures contracts | 1(d) | (363,209) | – | – | – |
| Interest rate swaps | 1(e) | – | – | – | – |
| Forward currency contracts | 1(f) | 7,607,466 | 539,277 | 381,302 | (62,413) |
| Forward currency contracts – share class hedging | 1(l) | – | – | – | – |
| Foreign currency translation | 1(g) | (9,659) | (7,414) | 181 | (1,463) |
| **Net gain (loss) on investments at fair value** | | 321,291,976 | (204,555,710) | 4,168,525 | (9,758,427) |
| **TOTAL INCOME (LOSS)** | | **360,890,285** | **(177,056,600)** | **5,833,748** | **(8,224,098)** |
| **EXPENSES** | | | | | |
| Management fees | 9 | (12,453,624) | (8,958,319) | (388,289) | (394,674) |
| Depositary and administration fees | | (1,238,570) | (983,584) | (78,696) | (119,221) |
| Transfer agency fees | | (76,233) | (72,131) | (20,319) | (21,010) |
| Professional services | | (98,022) | (104,054) | (74,567) | (79,018) |
| Directors fees | 9 | (15,823) | (13,217) | (15,823) | (13,217) |
| Other expenses | | (362,451) | (209,901) | (88,339) | (70,594) |
| **TOTAL OPERATING EXPENSES, before reimbursement** | | **(14,244,723)** | **(10,341,206)** | **(666,033)** | **(697,734)** |
| Expense reimbursement | 9 | – | – | 213,486 | 237,281 |
| **TOTAL OPERATING EXPENSES, after reimbursement** | | **(14,244,723)** | **(10,341,206)** | **(452,547)** | **(460,453)** |
| **OPERATING PROFIT (LOSS)** | | **346,645,562** | **(187,397,806)** | **5,381,201** | **(8,684,551)** |
| **Finance costs (excluding fund share transactions)** | | | | | |
| Distributions to redeemable shareholders | 1(h) | (641,395) | (565,020) | – | – |
| **PROFIT (LOSS) AFTER DISTRIBUTIONS AND BEFORE TAX** | | **346,004,167** | **(187,962,826)** | **5,381,201** | **(8,684,551)** |
| Withholding tax | 3 | (6,888,324) | (4,674,653) | (142,635) | (125,415) |
| **PROFIT (LOSS) AFTER DISTRIBUTIONS AND TAX** | | **339,115,843** | **(192,637,479)** | **5,238,566** | **(8,809,966)** |
| **INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS RESULTING FROM OPERATIONS** | | **$339,115,843** | **($192,637,479)** | **$5,238,566** | **($8,809,966)** |

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

| U.S. Stock Fund | | Global Bond Fund | | Total Company | |
|---|---|---|---|---|---|
| year ended | | year ended | | year ended | |
| 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| $8,329,813 | $7,043,157 | $31,683 | $32,977 | $49,621,262 | $36,099,981 |
| 918 | 722 | 1,471,419 | 1,558,150 | 1,476,103 | 1,568,464 |
| 8,330,731 | 7,043,879 | 1,503,102 | 1,591,127 | 51,097,365 | 37,668,445 |
| 20,644,534 | 8,057,308 | (1,005,493) | (1,999,779) | 86,806,338 | 25,115,581 |
| 1,148,505 | – | (63,640) | (77,767) | 8,745,786 | (77,767) |
| – | – | (48,691) | (33,283) | (48,691) | (33,283) |
| – | – | 123,422 | (6,465) | 3,377,370 | 3,664,964 |
| – | – | (483,732) | (425,220) | (483,732) | (425,220) |
| 26,986 | 47,744 | (8,963) | (38,370) | (184,157) | (130,508) |
| 55,127,497 | (30,106,193) | 2,074,998 | (1,779,111) | 297,166,929 | (269,257,027) |
| (108,314) | – | 20,871 | 137,612 | (450,652) | 137,612 |
| – | – | 18,437 | (56,618) | 18,437 | (56,618) |
| – | – | 234,164 | 19,710 | 8,222,932 | 496,574 |
| – | – | 56,441 | (20,136) | 56,441 | (20,136) |
| 1,519 | (3,284) | 4,932 | 11,485 | (3,027) | (676) |
| 76,840,727 | (22,004,425) | 922,746 | (4,267,942) | 403,223,974 | (240,586,504) |
| **85,171,458** | **(14,960,546)** | **2,425,848** | **(2,676,815)** | **454,321,339** | **(202,918,059)** |
| (2,335,403) | (2,306,785) | (164,153) | (191,537) | (15,341,469) | (11,851,315) |
| (216,326) | (228,827) | (84,349) | (97,681) | (1,617,941) | (1,429,313) |
| (114,667) | (137,098) | (49,501) | (47,365) | (260,720) | (277,604) |
| (88,447) | (78,916) | (99,510) | (103,261) | (360,546) | (365,249) |
| (15,823) | (13,217) | (15,823) | (13,217) | (63,292) | (52,868) |
| (131,521) | (113,996) | (151,824) | (140,771) | (734,135) | (535,262) |
| **(2,902,187)** | **(2,878,839)** | **(565,160)** | **(593,832)** | **(18,378,103)** | **(14,511,611)** |
| 178,674 | 187,590 | 367,813 | 363,987 | 759,973 | 788,858 |
| **(2,723,513)** | **(2,691,249)** | **(197,347)** | **(229,845)** | **(17,618,130)** | **(13,722,753)** |
| **82,447,945** | **(17,651,795)** | **2,228,501** | **(2,906,660)** | **436,703,209** | **(216,640,812)** |
| (1,118,318) | (504,114) | (198,082) | (177,533) | (1,957,795) | (1,246,667) |
| **81,329,627** | **(18,155,909)** | **2,030,419** | **(3,084,193)** | **434,745,414** | **(217,887,479)** |
| (2,268,441) | (1,921,075) | (1,668) | (4,196) | (9,301,068) | (6,725,339) |
| **79,061,186** | **(20,076,984)** | **2,028,751** | **(3,088,389)** | **425,444,346** | **(224,612,818)** |
| **$79,061,186** | **($20,076,984)** | **$2,028,751** | **($3,088,389)** | **$425,444,346** | **($224,612,818)** |

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

| | | *Global Stock Fund* | | *International Stock Fund* | |
|---|---|---|---|---|---|
| | | *year ended* | | *year ended* | |
| *U.S. Dollars ($)* | *Note* | *31 December 2016* | *31 December 2015* | *31 December 2016* | *31 December 2015* |
| **Increase (decrease) in net assets attributable to redeemable shareholders resulting from operations** | | $339,115,843 | ($192,637,479) | $5,238,566 | ($8,809,966) |
| **FUND SHARE TRANSACTIONS** | | | | | |
| Proceeds from fund shares subscribed | 5 | 389,864,283 | 1,487,419,839 | 1,540,197 | 36,360,928 |
| Cost of fund shares redeemed | 5 | (221,124,806) | (210,394,913) | (7,027,149) | (11,585,053) |
| **Net increase (decrease) from fund share transactions** | | 168,739,477 | 1,277,024,926 | (5,486,952) | 24,775,875 |
| **Total increase (decrease) in net assets attributable to redeemable shareholders** | | 507,855,320 | 1,084,387,447 | (248,386) | 15,965,909 |
| **NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS** | | | | | |
| Beginning of year | | 1,952,000,362 | 867,612,915 | 67,611,310 | 51,645,401 |
| **End of year** | | **$2,459,855,682** | **$1,952,000,362** | **$67,362,924** | **$67,611,310** |

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

| U.S. Stock Fund | | Global Bond Fund | | Total Company | |
|---|---|---|---|---|---|
| year ended | | year ended | | year ended | |
| 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| $79,061,186 | ($20,076,984) | $2,028,751 | ($3,088,389) | $425,444,346 | ($224,612,818) |
| 248,997,982 | 200,033,454 | 25,171,364 | 2,424,719 | 665,573,826 | 1,726,238,940 |
| (156,910,596) | (127,582,109) | (9,581,599) | (1,935,786) | (394,644,150) | (351,497,861) |
| 92,087,386 | 72,451,345 | 15,589,765 | 488,933 | 270,929,676 | 1,374,741,079 |
| 171,148,572 | 52,374,361 | 17,618,516 | (2,599,456) | 696,374,022 | 1,150,128,261 |
| 367,188,564 | 314,814,203 | 36,438,133 | 39,037,589 | 2,423,238,369 | 1,273,110,108 |
| **$538,337,136** | **$367,188,564** | **$54,056,649** | **$36,438,133** | **$3,119,612,391** | **$2,423,238,369** |

## STATEMENT OF CASH FLOWS

| U.S. Dollars ($) | Global Stock Fund year ended 31 December 2016 | Global Stock Fund year ended 31 December 2015 | International Stock Fund year ended 31 December 2016 | International Stock Fund year ended 31 December 2015 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Increase (decrease) in net assets attributable to redeemable shareholders resulting from operations | $339,115,843 | ($192,637,479) | $5,238,566 | ($8,809,966) |
| Adjustments for: | | | | |
| Dividend and interest income | (39,598,309) | (27,499,110) | (1,665,223) | (1,534,329) |
| Distributions to redeemable shareholders | 641,395 | 565,020 | – | – |
| Withholding tax | 6,888,324 | 4,674,653 | 142,635 | 125,415 |
| Changes in: | | | | |
| Cash held at brokers | (2,360,717) | – | – | – |
| Financial assets at fair value through profit or loss | (497,683,004) | (1,081,294,948) | 117,517 | (15,779,616) |
| Debtors, excluding dividends receivable, interest receivable, and receivable for fund shares subscribed | 547,515 | (1,451,291) | 63,825 | (110,432) |
| Financial liabilities at fair value through profit or loss | 207,547 | 115,322 | (33,481) | 27,836 |
| Creditors, excluding payable for fund shares redeemed and distribution payable | (2,230,978) | 3,185,016 | (4,901,472) | 4,851,312 |
| | (194,472,384) | (1,294,342,817) | (1,037,633) | (21,229,780) |
| Dividends and interest received | 32,389,874 | 21,170,553 | 1,502,046 | 1,376,530 |
| Net cash provided by (used in) operating activities | (162,082,510) | (1,273,172,264) | 464,413 | (19,853,250) |
| **Cash flows from financing activities** | | | | |
| Distributions to redeemable shareholders | (605,465) | (470,063) | – | – |
| Proceeds from fund shares subscribed | 384,046,735 | 1,485,521,690 | 6,340,197 | 31,606,928 |
| Cost of fund shares redeemed | (220,736,555) | (211,882,466) | (6,979,561) | (11,585,053) |
| Net cash provided by (used in) financing activities | 162,704,715 | 1,273,169,161 | (639,364) | 20,021,875 |
| **Net increase (decrease) in cash** | 622,205 | (3,103) | (174,951) | 168,625 |
| Cash at beginning of year | 4,996 | 8,099 | 176,673 | 8,048 |
| Cash at end of year | **$627,201** | **$4,996** | **$1,722** | **$176,673** |

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

| U.S. Stock Fund | | Global Bond Fund | | Total Company | |
|---|---|---|---|---|---|
| year ended | | year ended | | year ended | |
| 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| $79,061,186 | ($20,076,984) | $2,028,751 | ($3,088,389) | $425,444,346 | ($224,612,818) |
| (8,330,731) | (7,043,879) | (1,503,102) | (1,591,127) | (51,097,365) | (37,668,445) |
| 1,118,318 | 504,114 | 198,082 | 177,533 | 1,957,795 | 1,246,667 |
| 2,268,441 | 1,921,075 | 1,668 | 4,196 | 9,301,068 | 6,725,339 |
| (635,267) | – | (65,579) | 14,201 | (3,061,563) | 14,201 |
| (169,565,473) | (58,254,085) | (17,728,413) | 2,221,784 | (684,859,373) | (1,153,106,865) |
| (611,899) | (21,798) | (288,294) | (16,539) | (288,853) | (1,600,060) |
| 108,314 | – | (45,316) | (62,353) | 237,064 | 80,805 |
| 791,556 | (3,187,640) | 559,081 | 378,138 | (5,781,813) | 5,226,826 |
| (95,795,555) | (86,159,197) | (16,843,122) | (1,962,556) | (308,148,694) | (1,403,694,350) |
| 6,000,133 | 4,998,332 | 1,394,606 | 1,652,226 | 41,286,659 | 29,197,641 |
| (89,795,422) | (81,160,865) | (15,448,516) | (310,330) | (266,862,035) | (1,374,496,709) |
| (940,661) | (411,270) | (195,153) | (177,445) | (1,741,279) | (1,058,778) |
| 245,909,143 | 208,955,736 | 25,171,364 | 2,424,719 | 661,467,439 | 1,728,509,073 |
| (155,174,288) | (127,390,231) | (9,581,599) | (1,935,786) | (392,472,003) | (352,793,536) |
| 89,794,194 | 81,154,235 | 15,394,612 | 311,488 | 267,254,157 | 1,374,656,759 |
| (1,228) | (6,630) | (53,904) | 1,158 | 392,122 | 160,050 |
| 2,216 | 8,846 | 2,785 | 1,627 | 186,670 | 26,620 |
| **$988** | **$2,216** | **($51,119)** | **$2,785** | **$578,792** | **$186,670** |

## 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 Presentation*

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 comparatives have been reclassified to conform with 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 2016*

There are no new accounting standards, amendments to existing standards, or interpretations that are effective for the first time for the financial year beginning 1 January 2016 that have had a material effect on the Company's financial statements.

#### *(ii) Standards, amendments, and interpretations effective after 1 January 2016 and not early adopted*

A number of new accounting standards, amendments to existing standards, and interpretations are effective for annual periods beginning after 1 January 2016 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 each Fund's Portfolio of Investments are classified as financial assets or financial liabilities designated at fair value through profit or loss at inception.

#### *(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 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 both dealer-supplied valuations and pricing models. 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. 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 a security's value is believed to have materially changed after the close of the security's primary market but before the close of trading on the NYSE, the security is valued at such value as is certified with care and good faith as the probable realisable value of the security 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. The Pricing Committee is responsible for determining the fair value of securities when market quotations or market-based valuations are not readily available or are deemed unreliable. 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 futures contracts. Futures contracts are traded publicly and their market values change daily. 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) Forward Currency Contracts*

Forward currency contracts represent an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract. The values of forward currency contracts are adjusted daily based on the prevailing forward exchange rates of the underlying currencies. Changes in the value of open contracts are recorded as unrealised gain (loss) in the Statement of Comprehensive Income. When a forward currency contract 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. Forward currency 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, forward currency contracts are used for share class hedging purposes.

### *(g) Foreign Currency Transactions*

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. 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 other corporate action transactions are typically recorded on the ex-dividend date. Dividends characterised as return of capital are recorded as a reduction of 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 forward currency 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and when a credit event such as default occurs.

## 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 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 Investor 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 divided or interest income is recorded. Capital gains taxes are incurred upon the disposition of certain appreciated 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:

| | 2016 | 2015 | | 2016 | 2015 | | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| British Pound | 0.8114 | 0.6783 | Indian Rupee | 67.8700 | 66.1563 | South African Rand | 13.7338 | 15.4650 |
| Canadian Dollar | 1.3427 | 1.3837 | Japanese Yen | 116.8750 | 120.1950 | South Korean Won | 1,207.8000 | 1,172.5500 |
| Chinese Renminbi | 6.9730 | n/a | Mexican Peso | 20.7297 | 17.2345 | Swedish Krona | 9.1106 | 8.4415 |
| Colombian Peso | 3,002.0000 | 3,174.5000 | Norwegian Krone | 8.6354 | n/a | Swiss Franc | 1.0183 | 1.0016 |
| Euro | 0.9500 | 0.9202 | Peruvian Sol | 3.3560 | n/a | Thai Baht | 35.8105 | 35.9850 |
| Hong Kong Dollar | 7.7545 | 7.7501 | Russian Ruble | 61.3450 | n/a | Turkish Lira | 3.5269 | 2.9164 |

## 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 at 31 December were as follows:

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| **Global Stock Fund** | | | |
| *USD Accumulating Class* | | | |
| Net asset value | $641,523,309 | $470,117,158 | $231,482,238 |
| Net asset value per share | $18.14 | $15.53 | $16.96 |
| *GBP Accumulating Class* | | | |
| Net asset value | £1,225,011,159 | £847,986,950 | £254,324,223 |
| Net asset value per share | £24.22 | £17.33 | £17.90 |
| *GBP Distributing Class* | | | |
| Net asset value | £73,607,276 | £40,459,818 | £33,067,988 |
| Net asset value per share | £17.46 | £12.60 | £13.15 |
| *EUR Accumulating Class* | | | |
| Net asset value | €166,791,001 | €123,075,048 | €116,471,532 |
| Net asset value per share | €25.89 | €21.46 | €21.05 |
| *CAD Accumulating Class* | | | |
| Net asset value | CAD 56,851,385 | CAD 53,110,797 | CAD 54,911,863 |
| Net asset value per share | CAD 22.92 | CAD 20.22 | CAD 18.55 |

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| **International Stock Fund** | | | |
| *USD Accumulating Class* | | | |
| Net asset value | $66,138,872 | $66,618,767 | $49,907,104 |
| Net asset value per share | $14.35 | $13.23 | $14.96 |
| *EUR Accumulating Class* | | | |
| Net asset value | €1,162,829 | €913,313 | €1,436,550 |
| Net asset value per share | €16.05 | €14.33 | €14.56 |
| **U.S. Stock Fund** | | | |
| *USD Accumulating Class* | | | |
| Net asset value | $227,388,881 | $171,311,092 | $143,789,488 |
| Net asset value per share | $21.69 | $17.78 | $18.71 |
| *GBP Accumulating Class* | | | |
| Net asset value | £100,156,349 | £58,376,846 | £31,571,620 |
| Net asset value per share | £27.38 | £18.77 | £18.68 |
| *GBP Distributing Class* | | | |
| Net asset value | £127,601,944 | £70,442,326 | £34,880,740 |
| Net asset value per share | £17.26 | £11.93 | £11.95 |
| *EUR Accumulating Class* | | | |
| Net asset value | €28,745,518 | €5,495,510 | €55,743,140 |
| Net asset value per share | €26.73 | €21.23 | €20.07 |
| **Global Bond Fund** | | | |
| *USD Accumulating Class* | | | |
| Net asset value | $46,205,604 | $29,247,876 | $30,918,086 |
| Net asset value per share | $9.95 | $9.15 | $9.76 |
| *GBP Distributing Class* | | | |
| Net asset value | £1,041,884 | £624,797 | £625,636 |
| Net asset value per share | £12.42 | £9.92 | £10.36 |
| *GBP Distributing Class (H)* | | | |
| Net asset value | £1,173,483 | £1,084,475 | £1,155,378 |
| Net asset value per share | £9.01 | £8.66 | £9.57 |
| *EUR Accumulating Class* | | | |
| Net asset value | €1,115,360 | €841,231 | €805,848 |
| Net asset value per share | €13.11 | €11.67 | €11.18 |
| *EUR Accumulating Class (H)* | | | |
| Net asset value | €1,402,112 | €1,307,565 | €1,402,126 |
| Net asset value per share | €9.73 | €9.07 | €9.73 |
| *EUR Distributing Class* | | | |
| Net asset value | €944,875 | €841,232 | €805,848 |
| Net asset value per share | €11.95 | €11.05 | €10.97 |
| *EUR Distributing Class (H)* | | | |
| Net asset value | €1,402,352 | €1,307,602 | €1,402,205 |
| Net asset value per share | €8.85 | €8.58 | €9.54 |

The movement in the number of shares during the year ended 31 December 2016 was as follows:

| | USD Accumulating Class | GBP Accumulating Class | GBP Distributing Class | EUR Accumulating Class | CAD Accumulating Class |
|---|---|---|---|---|---|
| **Global Stock Fund** | | | | | |
| 31 December 2015 | 30,275,128 | 48,938,071 | 3,209,900 | 5,735,641 | 2,626,672 |
| Issued | 13,217,930 | 4,816,769 | 1,066,536 | 990,039 | 5,500 |
| Redeemed | (8,136,492) | (3,176,842) | (61,091) | (282,432) | (152,250) |
| 31 December 2016 | 35,356,566 | 50,577,998 | 4,215,345 | 6,443,248 | 2,479,922 |
| **International Stock Fund** | | | | | |
| 31 December 2015 | 5,035,599 | – | – | 63,723 | – |
| Issued | 107,001 | – | – | 8,710 | – |
| Redeemed | (534,895) | – | – | – | – |
| 31 December 2016 | 4,607,705 | – | – | 72,433 | – |
| **U.S. Stock Fund** | | | | | |
| 31 December 2015 | 9,632,415 | 3,110,435 | 5,902,550 | 258,854 | – |
| Issued | 4,997,259 | 1,587,327 | 3,959,291 | 998,225 | – |
| Redeemed | (4,145,468) | (1,039,600) | (2,470,628) | (181,495) | – |
| 31 December 2016 | 10,484,206 | 3,658,162 | 7,391,213 | 1,075,584 | – |

| | USD Accumulating Class | GBP Distributing Class | GBP Distributing Class (H) | EUR Accumulating Class | EUR Accumulating Class (H) | EUR Distributing Class | EUR Distributing Class (H) |
|---|---|---|---|---|---|---|---|
| **Global Bond Fund** | | | | | | | |
| 31 December 2015 | 3,197,752 | 63,013 | 125,186 | 72,080 | 144,160 | 76,113 | 152,362 |
| Issued | 2,498,648 | 21,364 | 5,062 | 13,009 | – | 2,984 | 6,065 |
| Redeemed | (1,052,246) | (464) | (6) | – | – | – | – |
| 31 December 2016 | 4,644,154 | 83,913 | 130,242 | 85,089 | 144,160 | 79,097 | 158,427 |

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

| | USD Accumulating Class | GBP Accumulating Class | GBP Distributing Class | EUR Accumulating Class | CAD Accumulating Class |
|---|---|---|---|---|---|
| **Global Stock Fund** | | | | | |
| Subscriptions | $214,513,094 | $129,356,616 | $20,618,546 | $25,296,751 | $79,276 |
| Redemptions | (126,164,973) | (85,090,087) | (1,286,599) | (6,268,507) | (2,314,640) |
| **International Stock Fund** | | | | | |
| Subscriptions | 1,410,454 | – | – | 129,743 | – |
| Redemptions | (7,027,149) | – | – | – | – |
| **U.S. Stock Fund** | | | | | |
| Subscriptions | 103,193,052 | 46,525,977 | 71,379,992 | 27,898,961 | – |
| Redemptions | (76,566,901) | (29,962,185) | (46,041,042) | (4,340,468) | – |

| | USD Accumulating Class | GBP Distributing Class | GBP Distributing Class (H) | EUR Accumulating Class | EUR Accumulating Class (H) | EUR Distributing Class | EUR Distributing Class (H) |
|---|---|---|---|---|---|---|---|
| **Global Bond Fund** | | | | | | | |
| Subscriptions | $24,524,613 | $322,051 | $59,622 | $169,462 | $– | $37,137 | $58,479 |
| Redemptions | (9,574,517) | (7,016) | (66) | – | – | – | – |

The movement in the number of shares during the year ended 31 December 2015 was as follows:

| | USD Accumulating Class | GBP Accumulating Class | GBP Distributing Class | EUR Accumulating Class | CAD Accumulating Class |
|---|---|---|---|---|---|
| **Global Stock Fund** | | | | | |
| 31 December 2014 | 13,645,692 | 14,205,309 | 2,514,855 | 5,531,841 | 2,960,530 |
| Issued | 24,170,217 | 36,863,274 | 717,323 | 909,903 | 31,719 |
| Redeemed | (7,540,781) | (2,130,512) | (22,278) | (706,103) | (365,577) |
| 31 December 2015 | 30,275,128 | 48,938,071 | 3,209,900 | 5,735,641 | 2,626,672 |
| **International Stock Fund** | | | | | |
| 31 December 2014 | 3,335,374 | – | – | 98,686 | – |
| Issued | 2,368,904 | – | – | 27,256 | – |
| Redeemed | (668,679) | – | – | (62,219) | – |
| 31 December 2015 | 5,035,599 | – | – | 63,723 | – |
| **U.S. Stock Fund** | | | | | |
| 31 December 2014 | 7,684,093 | 1,690,293 | 2,918,892 | 2,776,807 | – |
| Issued | 4,365,510 | 1,818,652 | 3,615,153 | 66,291 | – |
| Redeemed | (2,417,188) | (398,510) | (631,495) | (2,584,244) | – |
| 31 December 2015 | 9,632,415 | 3,110,435 | 5,902,550 | 258,854 | – |

| | USD Accumulating Class | GBP Distributing Class | GBP Distributing Class (H) | EUR Accumulating Class | EUR Accumulating Class (H) | EUR Distributing Class | EUR Distributing Class (H) |
|---|---|---|---|---|---|---|---|
| **Global Bond Fund** | | | | | | | |
| 31 December 2014 | 3,169,219 | 60,374 | 120,786 | 72,080 | 144,160 | 73,462 | 147,030 |
| Issued | 232,534 | 2,643 | 4,400 | – | – | 2,651 | 5,332 |
| Redeemed | (204,001) | (4) | – | – | – | – | – |
| 31 December 2015 | 3,197,752 | 63,013 | 125,186 | 72,080 | 144,160 | 76,113 | 152,362 |

The U.S. dollar equivalent amounts associated with the above share movements during the year ended 31 December 2015 were as follows:

| | USD Accumulating Class | GBP Accumulating Class | GBP Distributing Class | EUR Accumulating Class | CAD Accumulating Class |
|---|---|---|---|---|---|
| **Global Stock Fund** | | | | | |
| Subscriptions | $414,786,721 | $1,034,423,732 | $14,762,346 | $22,956,811 | $490,229 |
| Redemptions | (128,327,417) | (58,146,874) | (460,729) | (17,801,497) | (5,658,396) |
| **International Stock Fund** | | | | | |
| Subscriptions | 35,843,484 | – | – | 517,444 | – |
| Redemptions | (10,460,576) | – | – | (1,124,477) | – |
| **U.S. Stock Fund** | | | | | |
| Subscriptions | 80,207,083 | 52,451,157 | 65,763,647 | 1,611,567 | – |
| Redemptions | (44,090,406) | (11,454,725) | (11,593,370) | (60,443,608) | – |

| | USD Accumulating Class | GBP Distributing Class | GBP Distributing Class (H) | EUR Accumulating Class | EUR Accumulating Class (H) | EUR Distributing Class | EUR Distributing Class (H) |
|---|---|---|---|---|---|---|---|
| **Global Bond Fund** | | | | | | | |
| Subscriptions | $2,240,000 | $40,009 | $59,504 | $– | $– | $32,882 | $52,324 |
| Redemptions | (1,935,731) | (55) | – | – | – | – | – |

*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 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 2016, the total interest income arising from repurchase agreements was $6,389 (2015: $3,794) 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 each Fund, pays investment management fees, which are accrued daily and paid monthly in arrears at the annual rates set out below:

| Fund | *% of average daily net asset value of each class of each Fund* |
|---|---|
| Global Stock Fund | 0.60% |
| International Stock Fund | 0.60% |
| U.S. Stock Fund | 0.60% |
| Global Bond Fund | 0.50% |

At 31 December 2016, each Fund had a payable to the Investment Manager for accrued management fees, which is reflected as management fee payable in the Statement of Financial Position.

During the year ended 31 December 2016, the Investment Manager voluntarily agreed to limit aggregate annual ordinary expenses of the Funds to the rates set out below:

| Fund | *% of average daily net asset value of each class of each Fund* |
|---|---|
| Global Stock Fund | 0.70% |
| International Stock Fund | 0.70% |
| U.S. Stock Fund | 0.70% |
| Global Bond Fund | 0.60% |

As a result, during the year ended 31 December 2016, the Investment Manager reimbursed expenses to the Funds in the amounts disclosed in the Statement of Comprehensive Income. For the Global Stock Fund, aggregate annual ordinary expenses of the Fund were less than 0.70% of average daily net assets for the year ended 31 December 2016, and no expense reimbursement was required. At 31 December 2016, the International Stock Fund, U.S. Stock Fund, and Global Bond Fund each had a receivable from the Investment Manager for reimbursed expenses, which is reflected as receivable from Investment Manager in the Statement of Financial Position.

At 31 December 2016, the Investment Manager owned 61% (2015: 19%) 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 2016, the non-affiliated Directors each received €25,000 or a pro-rata portion thereof (2015: €25,000) 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 2016 or 2015. 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 2016: Diana S. Strandberg held 500,000 (2015: 500,000) shares in the Global Stock Fund and 697,018 (2015: 697,018) shares in the U.S. Stock Fund, and Thomas M. Mistele held 100,000 (2015: 100,000) shares in the Global Stock Fund and 199,404 (2015: 199,404) shares in the U.S. Stock Fund.

## 10. SIGNIFICANT AGREEMENTS

### *Auditors' Remuneration*

For the year ended 31 December 2016, 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 $106,799 (2015: $105,153), 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 $118,285 (2015: $124,026).

## 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 2016 or 2015.

## 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 2016, the Global Stock Fund, International Stock Fund, U.S. Stock Fund, and Global Bond Fund incurred separately identifiable transaction costs in the amounts of $1,533,620 (2015: $2,261,432), $39,165 (2015: $72,106), $52,636 (2015: $81,427), and $1,145 (2015: $1,214), respectively. For some financial instruments, such as debt securities, repurchase agreements, and forward currency 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 primarily arising from their investments in equity and debt securities.

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.** The focus is on purchasing attractively valued securities that reflect low investor expectations. Low expectations are more likely to create the conditions for potential capital appreciation should investor pessimism turn out to be unwarranted or short-lived.
- **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 | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| *Region Diversification* (%)* | *Global Stock Fund* | *MSCI World Index* | *Global Stock Fund* | *MSCI World Index* |
| United States | 49.4 | 60.1 | 50.6 | 58.7 |
| Europe (ex United Kingdom) | 20.3 | 16.2 | 19.7 | 17.2 |
| Pacific (ex Japan) | 9.0 | 4.4 | 10.5 | 4.3 |
| United Kingdom | 8.9 | 6.7 | 6.2 | 7.4 |
| Latin America | 4.0 | 0.0 | 3.3 | 0.0 |
| Africa/Middle East | 3.7 | 0.3 | 3.4 | 0.3 |
| Japan | 1.5 | 8.7 | 3.4 | 9.0 |
| Canada | 0.0 | 3.6 | 0.6 | 3.1 |

| International Stock Fund | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| *Region Diversification* (%)* | *International Stock Fund* | *MSCI EAFE Index* | *International Stock Fund* | *MSCI EAFE Index* |
| Europe (ex United Kingdom) | 39.6 | 44.8 | 41.6 | 45.1 |
| Pacific (ex Japan) | 13.4 | 12.1 | 12.7 | 11.3 |
| United Kingdom | 13.3 | 18.3 | 12.1 | 19.4 |
| Japan | 12.0 | 24.1 | 12.9 | 23.4 |
| Latin America | 6.9 | 0.0 | 5.5 | 0.0 |
| United States | 6.1 | 0.0 | 6.6 | 0.0 |
| Africa/Middle East | 5.2 | 0.7 | 5.3 | 0.8 |
| Canada | 2.0 | 0.0 | 0.6 | 0.0 |

| U.S. Stock Fund | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| *Non-U.S. Securities* (%)* | *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 | 4.5 | 0.0 | 4.4 | 0.0 |

| Global Bond Fund | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| *Region Diversification* (%)* | *Global Bond Fund* | *Bloomberg Barclays Global Aggregate Bond Index* | *Global Bond Fund* | *Bloomberg Barclays Global Aggregate Bond Index* |
| United States | 49.5 | 39.2 | 49.8 | 38.9 |
| Latin America | 21.2 | 1.1 | 22.9 | 1.1 |
| Europe (ex United Kingdom) | 8.3 | 25.2 | 8.9 | 25.9 |
| United Kingdom | 6.8 | 5.6 | 8.3 | 6.2 |
| Japan | 4.1 | 17.4 | 0.0 | 16.5 |
| Africa/Middle East | 3.0 | 0.9 | 3.0 | 0.8 |
| Pacific (ex Japan) | 2.4 | 5.1 | 1.6 | 5.1 |
| Canada | 2.0 | 3.3 | 2.6 | 3.1 |
| Other | 0.0 | 2.2 | 0.0 | 2.4 |

* 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.

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.

| Global Stock Fund | *Year ended 31 December 2016* | *Year ended 31 December 2015* |
|---|---|---|
| Largest day-over-day decrease in the **MSCI World Index** | (4.9%) | (3.7%) |
| Effect on the Fund's net assets** | ($120,532,928) | ($72,224,013) |
| **International Stock Fund** | | |
| Largest day-over-day decrease in the **MSCI EAFE Index** | (7.1%) | (3.4%) |
| Effect on the Fund's net assets** | ($4,782,768) | ($2,298,785) |
| **U.S. Stock Fund** | | |
| Largest day-over-day decrease in the **S&P 500 Index** | (3.6%) | (3.9%) |
| Effect on the Fund's net assets** | ($19,380,137) | ($14,320,354) |
| **Global Bond Fund** | | |
| Largest day-over-day decrease in the **Bloomberg Barclays Global Aggregate Bond Index** | (1.6%) | (1.1%) |
| Effect on the Fund's net assets** | ($864,906) | ($400,819) |

** 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, 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 forward currency contract hedges) held by the Global Stock Fund, International Stock Fund, and Global Bond Fund were as follows:

| Global Stock Fund | 31 December 2016 | | | | 31 December 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| *Currency* | *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 | $444,341 | $263,530,470 | $263,974,811 | 10.7% | $505,044 | $132,863,777 | $133,368,821 | 6.8% |
| British Pound | 15,710 | 176,114,700 | 176,130,410 | 7.2 | 1,155 | 97,645,297 | 97,646,452 | 5.0 |
| Swiss Franc | – | 117,974,758 | 117,974,758 | 4.8 | – | 107,538,335 | 107,538,335 | 5.5 |
| Chinese Renminbi | – | (127,982,094) | (127,982,094) | (5.2) | – | – | – | – |
| Other | 1,108,044 | 306,254,392 | 307,362,436 | 12.5 | 1,293,559 | 349,074,393 | 350,367,952 | 18.0 |
| Total | $1,568,095 | $735,892,226 | $737,460,321 | 30.0% | $1,799,758 | $687,121,802 | $688,921,560 | 35.3% |

| International Stock Fund | 31 December 2016 | | | | 31 December 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| Currency | 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 | $35,418 | $14,045,832 | $14,081,250 | 20.9% | $39,293 | $11,582,847 | $11,622,140 | 17.2% |
| Japanese Yen | 17,434 | 8,097,065 | 8,114,499 | 12.0 | 12,073 | 8,718,728 | 8,730,801 | 12.9 |
| British Pound | – | 6,846,180 | 6,846,180 | 10.2 | 7,299 | 6,049,254 | 6,056,553 | 9.0 |
| Swiss Franc | – | 5,243,036 | 5,243,036 | 7.8 | – | 7,114,436 | 7,114,436 | 10.5 |
| Other | 46,970 | 7,974,488 | 8,021,458 | 11.9 | 50,313 | 14,999,299 | 15,049,612 | 22.2 |
| Total | $99,822 | $42,206,601 | $42,306,423 | 62.8% | $108,978 | $48,464,564 | $48,573,542 | 71.8% |

| Global Bond Fund | 31 December 2016 | | | | 31 December 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| Currency | 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 | $4,432,330 | – | $4,432,330 | 8.2% | $2,783,536 | – | $2,783,536 | 7.6% |
| Colombian Peso | 1,454,672 | – | 1,454,672 | 2.7 | 767,859 | – | 767,859 | 2.1 |
| Peruvian Sol | 1,087,376 | – | 1,087,376 | 2.0 | – | – | – | – |
| Indian Rupee | 1,070,801 | – | 1,070,801 | 2.0 | 1,152,858 | – | 1,152,858 | 3.2 |
| Other | 101,390 | – | 101,390 | 0.2 | 3,181,440 | – | 3,181,440 | 8.7 |
| Total | $8,146,569 | – | $8,146,569 | 15.1% | $7,885,693 | – | $7,885,693 | 21.6% |

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 2016 | Year ended 31 December 2015 |
|---|---|---|
| Reasonably possible strengthening of the U.S. dollar | 10% | 10% |
| Effect on the Fund's net assets* | ($814,657) | ($788,569) |

* 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 forward currency contracts to hedge direct and/or indirect foreign currency exposure to the Chinese renminbi, euro, and Swiss franc. During the year ended 31 December 2016, these forward currency contracts had U.S. dollar total values ranging from 1% to 4% (2015: 1% to 4%) of the Global Stock Fund's net assets and 6% to 16% (2015: 3% to 8%) of the International Stock Fund's net assets.

The Global Bond Fund maintained forward currency contracts to hedge direct and/or indirect foreign currency exposure to the British pound, euro, and Japanese yen. During the year ended 31 December 2016, these forward currency contracts had U.S. dollar total values ranging from 1% to 11% (2015: 0% to 3%) of the Fund's net assets. The Global Bond Fund also maintained forward currency contracts to increase its portfolio exposure to the Indian rupee. During the year ended 31 December 2016, the Indian rupee forward currency contracts had U.S. dollar total values ranging from 1% to 4% (2015: 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 2016 | | | | |
|---|---|---|---|---|---|
| | Maturity Date Less then 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 |

| | 31 December 2015 | | | | |
|---|---|---|---|---|---|
| | *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 | $769,602 | $7,573,750 | $27,041,481 | $928,766 | $36,313,599 |
| Financial liabilities at fair value | – | – | – | (165,948) | (165,948) |
| Other assets less other liabilities | – | – | – | 290,482 | 290,482 |
| Total | $769,602 | $7,573,750 | $27,041,481 | $1,053,300 | $36,438,133 |

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 2016, the Fund held short U.S. Treasury and Euro-Bund futures contracts with U.S. dollar notional values ranging from 12% to 17% (2015: 9% to 16%) of the Fund's net assets. During the year ended 31 December 2016, the Fund held interest rate swaps with U.S. dollar notional values ranging from 4% to 8% (2015: 3% to 7%) 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)* | *2016* | *2015* |
|---|---|---|
| Global Bond Fund | 3.7 | 3.2 |
| Bloomberg Barclays Global Aggregate Bond Index | 6.9 | 6.6 |

### *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, forward currency 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 2016.

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 2016, the Fund had exposure to all major sectors of the bond market and no credit issuer represented more than 2.1% (2015: 2.4%) of net assets. The credit quality diversification of the Fund at 31 December was as follows:

| Global Bond Fund<br>*Quality Diversification (% of Fund)** | *2016* | *2015* |
|---|---|---|
| Aaa | 18.6 | 12.5 |
| Aa | 1.1 | 3.6 |
| A | 19.1 | 15.5 |
| Baa | 42.4 | 44.1 |
| Ba | 11.8 | 17.9 |
| Below Ba/NR | 4.3 | 3.5 |
| Cash Equivalents | 2.7 | 2.9 |

* 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 2016, the credit ratings (Moody's long-term rating) of brokers who were counterparties to the Funds' over-the-counter derivatives, which consisted solely of forward currency contracts, ranged from Aa3 to A1.

The Funds' forward currency contracts are entered into under master agreements. Under master agreements, in certain circumstances—e.g., when a credit event such as 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. Some 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 forward currency contracts at 31 December 2016, which are not set off in the Statement of Financial Position, are disclosed in the Funds' Portfolios of Investments. No collateral was pledged or held by the Funds on those contracts.

The Depositary 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 Depositary. 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 2016, which are not set off in the Statement of Financial Position, 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 disclosed as cash held at broker in the Statement of Financial Position. Gross unrealised gains and losses on futures contracts and centrally cleared interest rate swaps at 31 December 2016 are disclosed in the Funds' Portfolios of Investments.

All securities and cash balances are held by the Depositary through its affiliate, State Street Bank and Trust Company (Moody's long-term credit rating: A1) or through one of its sub-custodians. Securities are segregated from the assets of the Depositary, and ownership rights remain with the Company. The Funds' relationship with the Depositary exposes them to risk—bankruptcy or insolvency of the Depositary may cause a Fund's rights with respect to its cash balances and investments held by the Depositary to be delayed or limited. The Investment Manager selected the Depositary based on its reputation, size, and long-term experience in the industry. The parent company of the Depositary trades on the NYSE and is monitored by the Investment Manager's analyst team. The Depositary also contracts with various sub-custodians, and the Investment Manager relies on the policies and procedures in place at the Depositary 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 forward currency 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 chart below summarises the inputs used to value each Fund's investments at 31 December.

| Global Stock Fund | 31 December 2016 | | | 31 December 2015 | | |
|---|---|---|---|---|---|---|
| *Security Classifications* | *Level 1* | *Level 2* | *Level 3* | *Level 1* | *Level 2* | *Level 3* |
| Common Stocks | $1,398,367,158 | $872,555,273 | $– | $1,497,221,712 | $327,826,815 | $– |
| Preferred Stocks | 70,837,781 | 38,259,083 | – | 16,780,020 | 64,819,548 | – |
| Repurchase Agreement | – | 62,027,000 | – | – | 45,167,000 | – |
| Futures Contracts | (363,209) | – | – | – | – | – |
| Forward Currency Contracts | – | 8,627,333 | – | – | 1,019,867 | – |
| Total | $1,468,841,730 | $981,468,689 | $– | $1,514,001,732 | $438,833,230 | $– |

| International Stock Fund | 31 December 2016 | | | 31 December 2015 | | |
|---|---|---|---|---|---|---|
| *Security Classifications* | *Level 1* | *Level 2* | *Level 3* | *Level 1* | *Level 2* | *Level 3* |
| Common Stocks | $13,320,107 | $49,036,693 | $– | $35,184,897 | $27,859,419 | $– |
| Preferred Stocks | 2,894,876 | 1,131,216 | – | 714,680 | 2,034,234 | – |
| Repurchase Agreement | – | 550,000 | – | – | 1,605,000 | – |
| Forward Currency Contracts | – | 390,250 | – | – | 8,948 | – |
| Total | $16,214,983 | $51,108,159 | $– | $35,899,577 | $31,507,601 | $– |

| U.S. Stock Fund | 31 December 2016 | | | 31 December 2015 | | |
|---|---|---|---|---|---|---|
| *Security Classifications* | *Level 1* | *Level 2* | *Level 3* | *Level 1* | *Level 2* | *Level 3* |
| Common Stocks | $519,308,912 | $– | $– | $357,266,439 | $– | $– |
| Repurchase Agreement | – | 18,089,000 | – | – | 10,566,000 | – |
| Futures Contracts | (108,314) | – | – | – | – | – |
| Total | $519,200,598 | $18,089,000 | $– | $357,266,439 | $10,566,000 | $– |

| Global Bond Fund | 31 December 2016 | | | 31 December 2015 | | |
|---|---|---|---|---|---|---|
| *Security Classifications* | *Level 1* | *Level 2* | *Level 3* | *Level 1* | *Level 2* | *Level 3* |
| Debt Securities | $– | $52,602,649 | $– | $– | $35,384,833 | $– |
| Repurchase Agreement | – | 1,111,000 | – | – | 885,000 | – |
| Futures Contracts | 31,544 | – | – | 10,673 | – | – |
| Interest Rate Swaps | – | (94,913) | – | – | (113,350) | – |
| Forward Currency Contracts | – | 271,100 | – | – | (19,505) | – |
| Total | $31,544 | $53,889,836 | $– | $10,673 | $36,136,978 | $– |

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

There were no transfers between levels for the U.S. Stock Fund and Global Bond Fund. The following table presents transfers between Level 1 and Level 2 for the Global Stock Fund and International Stock Fund. For the purposes of preparing the table, transfers between levels are deemed to have occurred at the end of the reporting period. The 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.

| | Global Stock Fund | | International Stock Fund | |
|---|---|---|---|---|
| | *Level 1* | *Level 2* | *Level 1* | *Level 2* |
| *Year ended 31 December 2016* | | | | |
| Transfers | ($518,167,993) | $518,167,993 | ($20,274,256) | $20,274,256 |
| *Year ended 31 December 2015* | | | | |
| Transfers | (2,461,734) | 2,461,734 | 12,806,449 | (12,806,449) |

## 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 above under "Distributing Share Classes".

## 15. SIGNIFICANT EVENTS DURING THE YEAR

The following significant events affected the Company during the year ended 31 December 2016:

- Directive 2014/91/EU of the European Parliament and of the Council ("UCITS V") came into effect on 18 March 2016.
- Brendan M. Walsh, director of the Company, passed away on 17 May 2016.
- an updated constitution was adopted by shareholders at an annual general meeting of the Company on 9 June 2016.
- the Company entered into a new depositary agreement with State Street Custodial Services (Ireland) Limited on 21 July 2016. In conjunction therewith, the combined administration and depositary fee was increased from a maximum of 0.08% to 0.082% per annum of the net asset value of the Funds (plus VAT, if any), together with other reasonable expenses incurred by the Administrator and the Depositary in performing their duties with respect to the Company.
- Frances P. Ruane was appointed as a director of the Company with effect from 5 August 2016.

- the prospectus of the Company was updated on 16 September 2016 to reflect the change in Directors to that date, general updates to reflect the Central Bank UCITS Regulations, updates with regard to UCITS V, inclusion of disclosures with respect to the umbrella cash accounts of the Company, updates to the description of the investment policies of the Funds, and other general updates, as well as to provide that the audited annual reports and unaudited semi-annual reports for the Company will be made available to shareholders by electronic mail or other form of electronic communication, including by posting them on the following website within four months of 31 December or two months of 30 June, respectively: www.dodgeandcoxworldwide.com/prospectus.asp.
- 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. The maximum aggregate amount of Directors' remuneration in any one year was increased from €50,000 to €120,000 with effect from 16 September 2016.
- Rosemary E. Quinlan was appointed as a director of the Company with effect from 3 October 2016.

## 16. SIGNIFICANT EVENTS SINCE YEAR END

The following significant events have affected the Company since 31 December 2016:

- 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.

## 17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 22 March 2017 for filing with the Central Bank and circulation to shareholders.

## SIGNIFICANT PURCHASES

| | |
|---|---|
| AstraZeneca PLC (United Kingdom) | $38,045,130 |
| Barclays PLC (United Kingdom) | 35,268,139 |
| Anadarko Petroleum Corp. (United States) | 32,400,103 |
| Goldman Sachs Group, Inc. (United States) | 26,567,691 |
| Sanofi (France) | 26,466,871 |
| American Express Co. (United States) | 26,134,125 |
| Bristol-Myers Squibb Co. (United States) | 25,290,315 |
| JD.com, Inc. ADR (Cayman Islands/China) | 24,622,199 |
| BNP Paribas SA (France) | 23,002,107 |
| Twenty-First Century Fox, Inc., Class A (United States) | 22,599,061 |
| Novartis AG (Switzerland) | 21,267,650 |
| ICICI Bank, Ltd. (India) | 21,079,574 |
| Union Pacific Corp. (United States) | 20,891,331 |
| Altice NV, Series A (Netherlands) | 19,436,246 |
| Liberty Global PLC LiLAC, Series C (United Kingdom) | 18,246,363 |
| Grupo Televisa SAB ADR (Mexico) | 18,042,398 |
| Charter Communications, Inc., Class A (United States) | 17,991,278 |
| Dell Technologies, Inc., Class V (United States) | 17,437,890 |
| Itau Unibanco Holding SA ADR (Brazil) | 14,938,936 |
| Aviva PLC (United Kingdom) | 14,818,535 |
| UniCredit SPA (Italy) | 14,569,556 |
| Hewlett Packard Enterprise Co. (United States) | 13,908,205 |
| Wells Fargo & Co. (United States) | 13,343,466 |
| MTN Group, Ltd. (South Africa) | 13,158,488 |
| Naspers, Ltd. (South Africa) | 12,247,554 |
| Bayer AG (Germany) | 12,157,448 |
| Alnylam Pharmaceuticals, Inc. (United States) | 11,871,200 |
| Capital One Financial Corp. (United States) | 11,602,656 |
| Zayo Group Holdings, Inc. (United States) | 11,565,806 |
| VMware, Inc. (United States) | 11,086,805 |
| Banco Santander SA (Spain) | 10,588,192 |
| Cigna Corp. (United States) | 10,400,530 |
| Standard Chartered PLC (United Kingdom) | 9,478,939 |
| UnitedHealth Group, Inc. (United States) | 9,358,121 |
| LafargeHolcim, Ltd. (Switzerland) | 9,332,656 |
| The Priceline Group, Inc. (United States) | 9,024,458 |
| Bank of America Corp. (United States) | 8,554,179 |

## SIGNIFICANT SALES

| | |
|---|---|
| Time Warner, Inc. (United States) | $37,874,571 |
| Teck Resources, Ltd., Class B (Canada) | 31,071,292 |
| Time Warner Cable, Inc. (United States) | 21,444,258 |
| Baker Hughes, Inc. (United States) | 20,895,462 |
| Corning, Inc. (United States) | 19,115,377 |
| EMC Corp. (United States) | 18,544,769 |
| Petroleo Brasileiro SA ADR (Brazil) | 18,105,097 |
| Nissan Motor Co. Ltd. (Japan) | 17,704,153 |
| UnitedHealth Group, Inc. (United States) | 17,371,135 |
| Bank of America Corp. (United States) | 17,161,553 |
| Itau Unibanco Holding SA (Brazil) | 16,566,288 |
| Samsung Electronics Co., Ltd. (South Korea) | 14,609,579 |
| Microsoft Corp. (United States) | 14,529,655 |
| Wal-Mart Stores, Inc. (United States) | 13,901,796 |
| Alphabet, Inc., Class C (United States) | 13,697,280 |
| HP Inc. (United States) | 12,898,103 |
| Kasikornbank PCL- Foreign (Thailand) | 12,783,770 |
| Schlumberger, Ltd. (Curacao/United States) | 12,274,261 |
| Symantec Corp. (United States) | 11,071,108 |
| BR Malls Participacoes SA (Brazil) | 10,767,569 |
| Cisco Systems, Inc. (United States) | 9,829,521 |
| ADT Corp. (United States) | 9,786,726 |
| New Oriental Education & Technology Group, Inc., ADR (Cayman Islands/China) | 8,740,926 |
| Standard Chartered PLC (United Kingdom) | 8,636,612 |
| NetApp, Inc. (United States) | 8,307,359 |
| Haci Omer Sabanci Holding AS (Turkey) | 8,248,678 |
| Express Scripts Holding Co. (United States) | 7,868,876 |
| Siam Commercial Bank PCL- Foreign (Thailand) | 6,742,288 |
| Charter Communications, Inc., Class A (United States) | 6,683,033 |
| Barclays PLC (United Kingdom) | 6,528,825 |
| Mahindra & Mahindra, Ltd. (India) | 6,419,067 |
| Samsung Electronics Co., Ltd. (South Korea) | 6,329,263 |
| Synopsys, Inc. (United States) | 6,230,685 |

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.

## SIGNIFICANT PURCHASES

| | |
|---|---|
| JD.com, Inc. ADR (Cayman Islands/China) | $864,645 |
| AstraZeneca PLC (United Kingdom) | 761,733 |
| Barclays PLC (United Kingdom) | 685,955 |
| Suncor Energy, Inc. (Canada) | 685,286 |
| Societe Generale SA (France) | 641,082 |
| Banco Santander SA (Spain) | 567,596 |
| Altice NV, Series A (Netherlands) | 552,542 |
| ICICI Bank, Ltd. (India) | 546,191 |
| BNP Paribas SA (France) | 496,254 |
| Sanofi (France) | 343,572 |
| Bayer AG (Germany) | 334,481 |
| UniCredit SPA (Italy) | 320,616 |
| Magnit PJSC (Russia) | 304,888 |
| Aviva PLC (United Kingdom) | 291,568 |
| UBS Group AG (Switzerland) | 289,886 |
| Agrium, Inc. (Canada) | 279,341 |
| Engie (France) | 250,475 |
| Novartis AG (Switzerland) | 249,227 |
| Liberty Global PLC LiLAC, Series C (United Kingdom) | 240,095 |
| Grupo Televisa SAB ADR (Mexico) | 239,871 |
| Schneider Electric SA (France) | 231,540 |
| Brother Industries, Ltd. (Japan) | 198,750 |
| Liberty Global PLC LiLAC, Series A (United Kingdom) | 188,132 |
| Lloyds Banking Group PLC (United Kingdom) | 170,540 |
| Cemex SAB de CV ADR (Mexico) | 168,735 |
| LafargeHolcim, Ltd. (Switzerland) | 149,634 |
| Baidu, Inc. ADR (Cayman Islands/China) | 149,579 |
| Honda Motor Co., Ltd. (Japan) | 144,116 |
| MTN Group, Ltd. (South Africa) | 135,146 |

## SIGNIFICANT SALES

| | |
|---|---|
| Nissan Motor Co., Ltd. (Japan) | $1,035,197 |
| Infineon Technologies AG (Germany) | 763,221 |
| Teck Resources, Ltd., Class B (Canada) | 710,006 |
| Swiss Re AG (Switzerland) | 654,848 |
| Naspers, Ltd. (South Africa) | 638,287 |
| Total SA (France) | 613,436 |
| Schlumberger, Ltd. (Curacao/United States) | 592,490 |
| Petroleo Brasileiro SA ADR (Brazil) | 576,755 |
| HP Inc. (United States) | 566,183 |
| Roche Holding AG ADR (Switzerland) | 409,204 |
| Koninklijke Philips NV (Netherlands) | 408,586 |
| Hyundai Motor Co. (South Korea) | 408,203 |
| China Mobile, Ltd. (Hong Kong/China) | 364,684 |
| Royal Dutch Shell PLC ADR (United Kingdom) | 362,008 |
| Siam Commercial Bank PCL- Foreign (Thailand) | 360,972 |
| Nintendo Co., Ltd. (Japan) | 359,665 |
| Yapi ve Kredi Bankasi AS (Turkey) | 349,139 |
| Schneider Electric SA (France) | 322,147 |
| Samsung Electronics Co., Ltd. (South Korea) | 321,082 |
| Mitsubishi Electric Corp. (Japan) | 306,324 |
| Barclays PLC (United Kingdom) | 306,192 |
| LafargeHolcim, Ltd. (Switzerland) | 292,161 |
| Smiths Group PLC (United Kingdom) | 284,101 |
| BR Malls Participacoes SA (Brazil) | 266,081 |
| ADT Corp. (United States) | 249,353 |
| Itau Unibanco Holding SA (Brazil) | 222,932 |
| Mahindra & Mahindra, Ltd. (India) | 222,878 |
| Sanofi (France) | 220,121 |
| Tyco International PLC (Ireland) | 216,158 |
| Lanxess AG (Germany) | 214,616 |
| Kyocera Corp. (Japan) | 211,479 |
| Hewlett Packard Enterprise Co. (United States) | 204,843 |
| New Oriental Education & Technology Group, Inc. ADR (Cayman Islands/China) | 172,192 |
| Brother Industries, Ltd. (Japan) | 170,171 |
| Cemex SAB de CV ADR (Mexico) | 167,240 |
| TE Connectivity, Ltd. (Switzerland) | 163,203 |

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## U.S. STOCK FUND

### SIGNIFICANT PURCHASES

| | |
|---|---|
| Wells Fargo & Co. | $7,254,383 |
| Bristol-Myers Squibb Co. | 6,994,547 |
| Union Pacific Corp. | 6,765,005 |
| Anadarko Petroleum Corp. | 6,764,830 |
| MetLife, Inc. | 6,060,671 |
| Hewlett Packard Enterprise Co. | 5,843,510 |
| Bank of America Corp. | 5,697,529 |
| Goldman Sachs Group, Inc. | 5,686,540 |
| American Express Co. | 5,321,248 |
| Charter Communications, Inc., Class A | 4,846,715 |
| Twenty-First Century Fox, Inc., Class A | 4,358,393 |
| Charles Schwab Corp. | 4,094,776 |
| AstraZeneca PLC ADR (United Kingdom) | 4,048,786 |
| Capital One Financial Corp. | 4,027,533 |
| Alphabet, Inc., Class C | 3,928,434 |
| JPMorgan Chase & Co. | 3,806,834 |
| Comcast Corp., Class A | 3,736,051 |
| Bank of New York Mellon Corp. | 3,707,852 |
| Cisco Systems, Inc. | 3,645,690 |
| Medtronic PLC (Ireland) | 3,573,149 |
| FedEx Corp. | 3,466,220 |
| Schlumberger, Ltd. (Curacao/United States) | 3,269,627 |
| Apache Corp. | 3,226,314 |
| Time Warner, Inc. | 3,162,845 |
| Cigna Corp. | 3,060,772 |
| The Priceline Group, Inc. | 2,998,861 |
| Microsoft Corp. | 2,921,763 |
| National Oilwell Varco, Inc. | 2,827,856 |
| DISH Network Corp., Class A | 2,794,330 |
| Wal-Mart Stores, Inc. | 2,732,873 |
| Dell Technologies, Inc., Class V | 2,582,552 |
| Alnylam Pharmaceuticals, Inc. | 2,556,446 |
| Novartis AG ADR (Switzerland) | 2,556,134 |
| Sanofi ADR (France) | 2,454,175 |
| Zayo Group Holdings, Inc. | 2,437,969 |
| HP Inc. | 2,372,085 |
| VMware, Inc. | 2,257,893 |
| Express Scripts Holding Co. | 2,252,928 |
| Target Corp. | 2,226,485 |
| UnitedHealth Group, Inc. | 2,130,373 |
| TE Connectivity, Ltd. (Switzerland) | 1,985,428 |
| Danaher Corp. | 1,827,040 |

### SIGNIFICANT SALES

| | |
|---|---|
| Symantec Corp. | $7,735,709 |
| EMC Corp. | 6,513,649 |
| Microsoft Corp. | 4,931,851 |
| Schlumberger, Ltd. (Curacao/United States) | 3,988,973 |
| Wal-Mart Stores, Inc. | 3,156,798 |
| UnitedHealth Group, Inc. | 2,775,545 |
| Bank of America Corp. | 2,754,196 |
| ADT Corp. | 2,346,036 |
| Time Warner, Inc. | 2,342,427 |
| Alphabet, Inc., Class C | 2,071,428 |
| Corning, Inc. | 1,991,747 |
| Bank of New York Mellon Corp. | 1,939,033 |
| NetApp, Inc. | 1,899,403 |
| Danaher Corp. | 1,839,880 |
| HP Inc. | 1,688,901 |
| Wells Fargo & Co. | 1,635,620 |
| Anthem, Inc. | 1,538,375 |
| Comcast Corp., Class A | 1,510,091 |
| Baker Hughes, Inc. | 1,385,146 |
| JPMorgan Chase & Co. | 1,236,623 |
| TE Connectivity, Ltd. (Switzerland) | 1,208,327 |
| Cisco Systems, Inc. | 1,175,898 |
| VMware, Inc. | 1,168,384 |
| Cadence Design Systems, Inc. | 1,136,457 |
| Hewlett Packard Enterprise Co. | 1,084,039 |
| Express Scripts Holding Co. | 1,058,438 |
| Apache Corp. | 930,780 |
| Alphabet, Inc., Class A | 908,853 |
| Thermo Fisher Scientific, Inc. | 895,588 |
| Fortive Corp. | 879,765 |
| FedEx Corp. | 824,757 |
| Goldman Sachs Group, Inc. | 808,599 |

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## SIGNIFICANT PURCHASES

| | |
|---|---|
| U.S. Treasury Note/Bond (United States) 1.00%, 30/11/18 | $4,990,625 |
| Mexico Government (Mexico) 5.75%, 5/3/26 | 2,720,571 |
| Freddie Mac, Hybrid ARM (United States) 2.759%, 1/10/45 | 2,589,523 |
| U.S. Treasury Note/Bond (United States) 0.875%, 31/5/18 | 2,053,994 |
| Japan Treasury Discount Bill (Japan) 0.00%, 10/3/17 | 1,631,683 |
| Peru Government International (Peru) 6.35%, 12/8/28 | 1,072,512 |
| Indonesia Government International (Indonesia) 3.75%, 14/6/28 | 1,068,207 |
| Chase Issuance Trust (United States) Series 2016-A5 A5, 1.27%, 15/7/21 | 991,016 |
| Mexico Government (Mexico) 2.00%, 9/6/22 | 927,841 |
| Freddie Mac, Hybrid ARM (United States) 2.747%, 1/5/46 | 814,896 |
| Fannie Mae, 20 year (United States) 4.50%, 1/9/30 | 763,891 |
| Colombia Government (Colombia) 9.85%, 28/6/27 | 745,727 |
| Japan Treasury Discount Bill (Japan) 0.00%, 27/2/17 | 721,129 |
| Naspers Ltd. (South Africa) 5.50%, 21/7/25 | 656,406 |
| The Southern Co. (United States) 5.50%, 15/3/57 | 650,000 |
| Barclays PLC (United Kingdom) 4.375%, 12/1/26 | 623,073 |
| Chase Issuance Trust (United States) Series 2015-A2 A2, 1.59%, 18/2/20 | 619,276 |
| U.S. Treasury Note/Bond (United States) 1.00%, 15/3/19 | 612,192 |
| LafargeHolcim, Ltd. (Switzerland) 7.125%, 15/7/36 | 609,825 |
| Fannie Mae, 30 Year (United States) 4.50%, 1/2/45 | 566,068 |
| Peru Government International (Peru) 3.75%, 1/3/30 | 544,779 |
| Time Warner, Inc. (United States) 6.20%, 15/3/40 | 538,816 |
| Cemex SAB de CV (Mexico) 7.75%, 16/4/26 | 535,875 |
| TransCanada Corp. (Canada) 5.625%, 20/5/75 | 528,938 |
| Millicom International Cellular SA (Luxembourg) 6.625%, 15/10/21 | 522,500 |
| Kinder Morgan, Inc. (United States) 6.95%, 15/1/38 | 493,473 |
| Charter Communications Inc. (United States) 6.75%, 15/6/39 | 464,665 |

## SIGNIFICANT SALES

| | |
|---|---|
| U.S. Treasury Note/Bond (United States) 1.00%, 30/11/18 | $4,987,313 |
| U.S. Treasury Note/Bond (United States) 0.875%, 31/5/18 | 1,203,812 |
| Mexico Government (Mexico) 2.00%, 9/6/22 | 1,042,500 |
| U.S. Treasury Note/Bond (United States) 0.875%, 30/11/17 | 875,567 |
| Chile Government GDN (Chile) 6.00%, 1/1/18 | 743,734 |
| Cemex SAB de CV (Mexico) 7.25%, 15/1/21 | 675,125 |
| Mexico Government (Mexico) 4.75%, 14/6/18 | 643,778 |
| U.S. Treasury Note/Bond (United States) 1.00%, 15/3/19 | 610,788 |
| Canadian Pacific Railway (Canada) 6.25%, 1/6/18 | 585,430 |
| Ford Credit Auto Owner Trust (United States) 1.06%, 15/5/19 | 474,425 |
| Brazil Government International (Brazil) 4.25%, 7/1/25 | 441,105 |
| Peru Government International (Peru) 4.125%, 25/8/27 | 421,758 |
| Barclays PLC (United Kingdom) 4.375%, 11/9/24 | 389,608 |
| Brazil Government (Brazil) 10.00%, 1/1/21 | 383,046 |
| Anthem, Inc. (United States) 4.35%, 15/8/20 | 377,550 |
| Naspers Ltd. (South Africa) 6.00%, 18/7/20 | 376,080 |
| Millicom International Cellular SA (Luxembourg) 6.625%, 15/10/21 | 372,000 |
| Anheuser-Busch InBev SA/NV (Belgium) 4.90%, 1/2/46 | 363,329 |
| Verizon Communications Inc. (United States) 6.55%, 15/9/43 | 351,915 |
| Imperial Tobacco Group PLC (United Kingdom) 9.00%, 17/2/22 | 345,001 |
| Brazil Government (Brazil) 10.00%, 1/1/25 | 343,546 |
| Charter Communications, Inc. (United States) 4.00%, 1/9/21 | 333,746 |
| HSBC Holdings PLC (United Kingdom) 6.50%, 15/9/37 | 328,806 |
| Boston Properties, Inc. (United States) 5.625%, 15/11/20 | 313,690 |
| Hewlett Packard Enterprise Co. (United States) 3.60%, 15/10/20 | 312,435 |
| Twenty-First Century Fox, Inc. 6.65%, 15/11/37 | 307,833 |
| Chase Issuance Trust (United States) 5.23%, 15/4/19 | 277,071 |
| Enel SPA (Italy) 6.00%, 7/10/39 | 265,201 |

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## TOTAL EXPENSE RATIOS

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

| | *TER for the year ended 31 December 2016** |
|---|---|
| Global Stock Fund | 0.69% |
| International Stock Fund | 0.70% |
| U.S. Stock Fund | 0.70% |
| Global Bond Fund | 0.60% |

* During the year ended 31 December 2016, the Investment Manager voluntarily agreed to reimburse the Funds for all ordinary expenses to the extent necessary to maintain aggregate annual ordinary expenses at 0.70% of average daily net assets for the Global Stock Fund, International Stock Fund, and U.S. Stock Fund, and at 0.60% of average daily net assets for the Global Bond Fund.

## 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 2016, 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.

Quantitative remuneration disclosures as required by paragraphs (a) and (b) of Regulation 89(3A) of the UCITS Regulations will be included in the financial statements for the year ending 31 December 2017. The disclosures required by paragraphs (c) and (d) of Regulation 24(B) of the UCITS Regulations will also be made at this time following the first annual review of the remuneration policy.

The remuneration policy was amended to take account of the issue of Remuneration Guidelines in October 2016, and in particular the requirements in relation to delegated management functions, but no other material changes have been made to the remuneration policy since its adoption.

## 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 2016, the Funds did not hold any TRS, and the SFTs held by the Funds consisted of the following repurchase agreements:

### REPURCHASE AGREEMENTS

#### Global Stock Fund

| | |
|---|---|
| **Market Value** | $62,027,000 |
| **% of Net Assets** | 2.5% |
| **Counterparty Name** | State Street |
| **Counterparty Country of Establishment** | United States |
| **Maturity Date** | 3/1/17 |
| **Settlement** | Bilateral |
| **Collateral Description** | Repurchase agreement is collateralised by U.S. Treasury Note 1.00%, 15/5/18. Total collateral value is $63,271,289. The collateral is rated Aaa (Moody's long-term rating). |

#### International Stock Fund

| | |
|---|---|
| **Market Value** | $550,000 |
| **% of Net Assets** | 0.8% |
| **Counterparty Name** | State Street |
| **Counterparty Country of Establishment** | United States |
| **Maturity Date** | 3/1/17 |
| **Settlement** | Bilateral |
| **Collateral Description** | Repurchase agreement is collateralised by U.S. Treasury Note 1.00%, 15/5/18. Total collateral value is $565,369. The collateral is rated Aaa (Moody's long-term rating). |

#### U.S. Stock Fund

| | |
|---|---|
| **Market Value** | $18,089,000 |
| **% of Net Assets** | 3.3% |
| **Counterparty Name** | State Street |
| **Counterparty Country of Establishment** | United States |
| **Maturity Date** | 3/1/17 |
| **Settlement** | Bilateral |
| **Collateral Description** | Repurchase agreement is collateralised by U.S. Treasury Note 1.00%, 15/5/18. Total collateral value is $18,452,041. The collateral is rated Aaa (Moody's long-term rating). |

#### Global Bond Fund

| | |
|---|---|
| **Market Value** | $1,111,000 |
| **% of Net Assets** | 2.1% |
| **Counterparty Name** | State Street |
| **Counterparty Country of Establishment** | United States |
| **Maturity Date** | 3/1/17 |
| **Settlement** | Bilateral |
| **Collateral Description** | Repurchase agreement is collateralised by U.S. Treasury Note 1.00%, 15/5/18. Total collateral value is $1,135,741. 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 2016 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.

## ADMINISTRATION OF THE COMPANY (unaudited)

*Board of Directors*
Donal A. Byrne (Irish) (independent)
Toby E. Goold (English)[1]
Thomas M. Mistele (American)
Rosemary E. Quinlan (Irish) (independent)[2]
Frances P. Ruane (Irish) (independent)[2]
Diana S. Strandberg (American)
Steven C. Voorhis (American)
Brendan M. Walsh (Irish) (independent)[3]

*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

*Depositary*
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*[4]
First Independent Fund Services Ltd.
Klausstrasse 33
8008 Zurich
Switzerland

*Paying Agent in Switzerland*
NPB New Private Bank Ltd.
Limmatquai 1
8022 Zurich
Switzerland

[1] Toby E. Goold served as a director of the Company during the year and until his passing on 17 February 2017.
[2] Frances P. Ruane was appointed as a director of the Company with effect from 5 August 2016. Rosemary E. Quinlan was appointed as a director of the Company with effect from 3 October 2016.
[3] Brendan M. Walsh served as a director of the Company during the year until his passing on 17 May 2016.
[4] For Swiss investors, the 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.