



19 March 2020

### **Reflecting on the Current Environment**

Over the course of the last three weeks, we've seen COVID-19 evolve quickly into an unprecedented global pandemic, disrupting markets, communities, businesses, and the lives of individuals and families around the world.

Our thoughts are with the families who have lost loved ones, and we wish those who are sick a speedy recovery. We are grateful for the guidance and sacrifices of health care organisations and workers around the world who are working tirelessly to save lives and prevent further infections.

Amid this disruption, we have three primary goals:

- 1) Doing what we can to protect the health and well-being of our colleagues and their families,
- 2) Continuing to conduct research and actively manage investment portfolios in the pursuit of long-term alpha, and
- 3) Serving our clients by staying focused on their long-term goals.

To that end, we have transitioned our teams to a work from home model (in the United States and UK) as we do our part to support the virus mitigation efforts. Over the past several weeks, we have prepared for this potential outcome across our teams, and as a result, we are continuing to make investment decisions, execute trading, operate our supporting functions, and communicate with clients effectively.

### **Navigating Volatile Markets by Actively Managing Investment Portfolios**

While uncertainty will likely continue to fuel short-term volatility in the markets, we believe our firm is well positioned to face this challenge. Our global equity, fixed income, and macro teams are hard at work evaluating the impact of macro factors on our portfolio holdings, as well as assessing the effect of actions by central banks and governments to improve market function and to stimulate growth in an effort to minimise the repercussions from unprecedented economic disruption. We are stress-testing our portfolios, reevaluating our investment theses in light of the new environment, and scrutinising balance sheets to assess the ability of companies and other entities to withstand the short-term challenges they face. Our teams are also uncovering opportunities where we believe that stressed valuations provide our clients with long-term return potential.

### **Staying Focused on the Long Term**

Over our 90-year history, Dodge & Cox has navigated many challenging periods – including during our own careers the crash of 1987, the dot-com bust, 9/11, the Iraq War, the Global Financial Crisis, and the H1N1 pandemic in 2009. All of them have taught us the importance of patience and persistence, which rewarded long-term investors when the turmoil subsided.

The combination of our experience, investment expertise, independence, financial stability, and collaborative culture enables us to maintain our focus on our clients' long-term goals and gives us the confidence that, together, we can navigate this challenging time successfully.

If you have any questions or concerns, we encourage you to reach out to our team. Thank you for your continued confidence in Dodge & Cox.

Charles F. Pohl, Chairman and CIO

Dana M. Emery, President and CEO

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