

DODGE & COX®

Video Transcript

The Benefits of Low Fees and Low Turnover

Molly Myers: In the Private Client Group at Dodge & Cox our goal is for you to have the most money in your pocket at the end of the day, whether for retirement purposes, charitable giving or taking care of subsequent generations. And one of the hurdles to this process is what we think about as the cost of investment management and that gets in the way of these important goals. These are really the holes in the bottom of the bucket that deplete your portfolio over time and these costs fall into two categories: there are explicit costs and there are implicit, less obvious costs. In terms of explicit costs, there are fees and taxes. Fees are what you pay for investment management services. We charge a single fee so it's really clear to our clients what they're paying for our services. We don't have layers upon layers of different fees here. And then there are taxes. Taxes are what you pay when you sell something at a gain. The holding periods really matter and at Dodge & Cox we tend to hold things for three to five years, if not longer. And so our investment style lends itself to longer holding periods, lower turnover and therefore, lower taxes to our clients. And then there are the implicit costs. These are a little bit less obvious but they have to do with complexity and stability. In terms of complexity, our process here is really quite straightforward. We manage stocks and bonds on a global basis. We don't think that you need a dozen asset classes, multiple managers and a whole pile of bank statements every month to be well diversified. And then there's the question of stability. This is a little bit more nuanced but it has to do with friction in the investment management relationship. At Dodge & Cox we've been around for over 80 years and we pride ourselves in the low turnover of our investment professionals. What this means is that our clients have worked with the same folks year in and year out and that kind of stability and continuity is really good for the duration of that relationship. Overall, we believe that costs are really important in determining how much a client gets to keep in his or her portfolio. At Dodge & Cox, our low fee, low turnover approach is really key to that outcome.

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