

Donald Smith & Co., Inc.

Domestic Equity: Russell 3000 Benchmark

For the month of: **April** **2023**

Manager Performance Calculations

* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Donald Smith & Co.	2.50%	-1.51%	23.14%	31.33%	10.89%
Russell 3000	1.07%	1.34%	1.50%	14.07%	10.60%

Portfolio Attributes

<u>Characteristics</u>	<u>DSCO</u>	<u>RU 3000</u>	<u>Sector Analysis</u>		
			<u>Over-weight</u>	<u>DSCO</u>	<u>RU 3000</u>
Mkt Value (\$m)	784.79	N/A	Financials	32.98%	10.67%
Wtd Cap (\$b)	12.31	497.82	Materials	19.00%	2.20%
P/E	8.00	19.62	Industrials	21.06%	13.12%
Beta	1.04	N/A			
Yield (%)	2.33	1.63			
Earnings Growth			<u>Under-weight</u>	<u>DSCO</u>	<u>RU 3000</u>
			Info Technology	1.35%	26.88%
			Health Care	0.00%	13.85%
			Cons. Staples	0.00%	5.56%

Performance Attribution & Strategy Comments

The account's appreciation of +2.5% was ahead of all three indices (Russell 3000 Value +1.3%; Russell 3000 +1.1%; S&P 500 +1.6%). Markets continued to be volatile in the aftermath of the banking crisis amid uncertainties regarding the economic outlook and interest rate trajectory. Many of the financial holdings which fell on contagion worries with the collapse of Silicon Valley Bank last month rebounded in April. Most stocks in the group rose, led by private mortgage insurance companies (Genworth Financial +15.7%; MGIC Investment +10.8%; Radian +9.8%). Other outperformers were insurers AIG (+5.3%) and long-term care provider Unum (+6.7%) as well as Ally Financial (+3.5%). Homebuilders continued to rise (Beazer +34.2%; Taylor Morrison +12.6%; M/I Homes +7.2%) as mortgage rates turned down again and sentiment on the group has improved, aided by inventory shortage of previously occupied homes. Builders who reported earnings recently have commented on how quickly the selling environment has normalized. Most of the gold miners also rose (Kinross +7.2%; Eldorado +6.7%; IAMGOLD +5.2%; Centerra Gold +4.3%) as gold prices ticked up modestly for the month. Gold prices have been strong in recent months amid a flight to safety as well as on a Central Bank buying spree. Some of the more recession prone stocks in travel (Park Hotels -2.5%; Jetblue -1.9%), consumer discretionary (Hooker -13.1%; General Motors -9.9%), and construction (Tutor Perini -14.1%) areas declined. US Steel (-12.3%) and Algoma Steel (-8.5%) also declined as steel prices came down. We added to Ally Financial and General Motors, while reducing Kinross Gold. There were no new purchases. Insurance, precious metals, building / real estate, financials, shipping and aircraft leasing / airlines are the largest industry weightings. The portfolio trades at 76% of tangible book value and 5.8x 2-4 year normalized EPS.

Manager Style Summary

Donald Smith & Co manages an all-cap portfolio, employing a bottom-up, deep value investment strategy. They invest in stocks with low P/B ratios and which are undervalued given their long-term earnings potential. Consequently, the portfolio will consist of securities with higher dividend yield and lower P/B and P/E ratios relative to the market. This is a concentrated portfolio, consisting of approximately 15-35 issues, and as a result, may experience more volatility than the market.

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Portfolio Guideline Compliance

Portfolio Guideline:	DSCO	RU 3000	Calc	Min	Max	Compliance
B2. Security Market Cap (in \$m) > \$100 m @ purchase						ok
B3. Security Positions <= 15% @ purchase						ok
B4. Number of issues	39			15	35	check
B5. Portfolio Characteristics						
P/B	0.76	3.70	21%	30%	100%	check
P/E (1 Year Forward)	8.00	19.62	41%	50%	100%	check
Dividend Yield	2.33	1.63	143%	50%	150%	ok
F2. Commissions not to exceed \$0.05/share; explanation required for commissions >\$0.07/share						ok
F3. Annual Turnover	24%			20%	40%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Manager Explanations for Deviations from Portfolio Guidelines

- B5. P/B: Our primary approach is to buy low P/B stocks selling at discounts to tangible book value.
- B5. P/E (1 Yr Forward): We focus on normalized EPS looking out 2-4 years. On this basis, we are significantly below the market.
- B4. Number of Issues: We manage a concentrated portfolio of stocks, and the number of holdings will mostly fall within this range with some exceptions.

Total Firm Assets Under Management (\$m) as of:	Qtr 1	\$	2,843
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Organizational/Personnel Changes

N/A

Account Turnover

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):	N/A			