

Donald Smith & Co., Inc.

Domestic Equity: Russell 3000 Benchmark

For the month of: **August** **2021**

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.	3.62%	-5.93%	45.09%	10.58%	11.34%
Russell 3000	2.85%	7.17%	33.04%	17.85%	17.97%

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)	621.32	N/A	Industrials	31.28%	13.83%
Wtd Cap (\$b)	17.30	511.08	Financials	27.19%	11.21%
P/E	9.63	24.29	Materials	14.82%	1.68%
Beta	1.39	N/A			
Yield (%)	1.53	1.24			
Earnings Growth			<u>Under-weight</u>	<u>DSCO</u>	<u>RU 3000</u>
			Info Technology	2.45%	27.80%
			Health Care	0.00%	13.26%
			Cons. Discret.	10.12%	15.69%

Performance Attribution & Strategy Comments

The account's appreciation of 3.6% was ahead of all three indices (Russell 3000 Value +2.0%; Russell 3000 +2.9%; S&P 500 +3.0%). Stocks rose despite the spread of Delta continuing to weigh on the market, hurricanes, and the instability in Afghanistan, partly boosted by the Fed's signaling that it expects to remain cautious in raising interest rates. Large cap and growth stocks outperformed. Most of the stocks in the portfolio rose. The biggest contributors were the financial names as most of the stocks rose (American National +16.7%; AIG +15.2%; Navient +13.6%; Jefferies +11.4%; Goldman Sachs +10.3%; Citigroup +6.3%; Loews +4.2%). The Moody family-controlled insurance company American National rallied on news that it would be sold to the reinsurance arm of Brookfield Asset Management for \$5.1 billion (\$190 / share) in an all-cash deal. There had been unconfirmed rumors leading up to the announcement. AIG also rose after reporting strong earnings. Other contributors included the LNG carrier FLEX LNG (+14.9%), International Seaways (+4.6%), and the airline / aircraft leasing / air freight names (Atlas Air +9.3%; Jetblue +2.3%; AerCap +1.8%). The previously announced acquisition of FLY Leasing by Carlyle Aviation completed in the month. Technology names rose (Celestica +7.1; Sanmina +2.8%). Homebuilders (Taylor Morrison +4.7%; Beazer Homes +2.5%; M/I Homes -0.5%) were mixed. This was offset by the gold miner group (IAMGOLD -13.1%; Kinross Gold -8.2%; Argonaut Gold -7.8%; Gold Fields -3.5%) which all declined as gold prices took a mid-month hit with fears of the Fed possibly tapering earlier than expected. Gold prices ended the month largely flat. We added to IAMGOLD and Kinross Gold, while reducing exposure in Navient. FLY Leasing is now out of the portfolio. There were no new names. Precious metals, insurance, financials, airlines, building / real estate, and shipping are the largest industry weightings. The portfolio trades at 84% of tangible book value and 7.0x 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	31			15	35	ok
B5. Portfolio Characteristics						
P/B	0.84	4.52	19%	30%	100%	check
P/E (1 Year Forward)	9.63	24.29	40%	50%	100%	check
Dividend Yield	1.53	1.24	123%	50%	150%	ok
F2. Commissions not to exceed \$0.05/share; explanation required for commissions >\$0.07/share						ok
F3. Annual Turnover	17%			20%	40%	check
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input 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.
- F3. Annual Turnover: As we are long-term investors, our turnovers are always on the lower end.

Total Firm Assets Under Management (\$m) as of: Qtr 2 \$ 2,687

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):				