

Donald Smith & Co., Inc.

Domestic Equity: Russell 3000 Benchmark

For the month of: **January** **2025**

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.	3.20%	2.10%	27.87%	26.20%	23.00%
Russell 3000	3.16%	6.66%	26.32%	11.36%	14.60%

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)	871.81	N/A	Financials	35.44%	11.55%
Wtd Cap (\$b)	19.49	921.50	Materials	23.28%	1.51%
P/E	7.64	26.62	Energy	6.76%	3.54%
Beta	0.95	N/A	<u>Under-weight</u>	<u>DSCO</u>	<u>RU 3000</u>
Yield (%)	1.85	1.26	Info Technology	0.00%	34.27%
Earnings Growth			Health Care	0.00%	10.12%
			Cons. Staples	0.00%	3.86%

Performance Attribution & Strategy Comments

The account appreciated +3.2%, in-line with the Russell 3000 (+3.2%) and outperforming the S&P 500 (+2.8%), but lagging the Russell 3000 Value (+4.5%). Markets were volatile to start the year with concerns about higher interest rates and the impact of tariffs under the new Trump administration. The biggest contributors were the financial stocks (Citigroup +15.7%; Corebridge +12.8%; Nomura +12.2%-- select notable contributors). A few insurers detracted (Siriuspoint -11.2%; Everest Re -4.1%) on liability concerns over the wildfires in California, but the group generally outperformed. Beazer Homes (-19.3%) and M/I Homes (-5.4%) detracted on worries over mortgage rates remaining elevated for longer and the fallout from Trump's new policies on immigration and tariffs. Also rattled by tariff concerns were the steelmaker Algoma (-16.6%) and General Motors (-7.2%). While the ongoing saga with Nippon's acquisition attempt continues, US Steel (+8.4%) was lifted higher on news that Nucor and Cleveland-Cliffs are now exploring a joint bid for the company. Other notable detractors included some of the consumer discretionary holdings (Harley-Davidson -10.2%; Hooker Furnishings -9.1%). All three real estate holdings (RLJ Lodging -4.5%; Park Hotels -4.1%; Howard Hughes -0.7%) declined. Bill Ackman's Pershing Square announced that it would seek to acquire Howard Hughes in a deal we find to be inadequate. The biggest offset to the deduction were most of the gold miner stocks. IAMGOLD (+20.9%) and Equinox Gold (+20.9%) were particularly strong. In particular, IAMGOLD and Equinox were strong as they offer the most leverage to higher gold prices given their capital structures and rising production profiles as they proceed to ramp output from their newly-constructed Cote and Greenstone mines, respectively. We added to Global Ship Lease, Harley-Davidson, Nomura, and Park Hotels. We sold out of JetBlue completely. There were no other transactions. Insurance, precious metals, financials, building / real estate, and aircraft leasing / airlines are the largest industry weightings. The portfolio trades at 89% of tangible book value and 6.3x 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	35			15	35	ok
B5. Portfolio Characteristics						
P/B	0.89	4.68	19%	30%	100%	check
P/E (1 Year Forward)	7.64	26.62	29%	50%	100%	check
Dividend Yield	1.85	1.26	147%	50%	150%	ok
F2. Commissions not to exceed \$0.05/share; explanation required for commissions >\$0.07/share						ok
F3. Annual Turnover	30%			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.

Total Firm Assets Under Management (\$m) as of: Qtr 4 \$ 4,379

Organizational/Personnel Changes

N/A

Account Turnover

Gained:	Number of Accounts:	1	Total Market Value (\$m):	\$	5.0
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):	N/A			