

## Donald Smith & Co., Inc.

Domestic Equity: Russell 3000 Benchmark

For the month of: **August** **2020**

### Manager Performance Calculations

\* Annualized returns

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Donald Smith & Co.	2.33%	16.48%	-5.74%	-1.75%	5.80%
Russell 3000	7.24%	15.93%	21.44%	13.95%	13.86%

### Portfolio Attributes

Characteristics	DSCO	RU 3000	Sector Analysis		
			Over-weight	DSCO	RU 3000
Mkt Value (\$m)	428.24	N/A	Industrials	33.34%	8.77%
Wtd Cap (\$b)	10.90	437.87	Materials	20.60%	3.31%
P/E	19.99	27.08	Financials	23.33%	17.35%
Beta	1.24	N/A			
Yield (%)	1.02	1.61			
Earnings Growth			Under-weight	DSCO	RU 3000
			Info Technology	1.75%	27.67%
			Health Care	0.00%	14.05%
			Cons. Staples	0.00%	5.49%

### Performance Attribution & Strategy Comments

The account's appreciation of 2.3% lagged the three indices (Russell 3000 Value +4.2%; Russell 3000 +7.2%; S&P 500 +7.2%). The market had yet another strong month. The biggest contributors were the airline / aircraft leasing names (FLY Leasing +11.6%; Jetblue +11.4%; Air France +10.3%; AerCap +9.8%; Atlas Air +8.3%) as the group rose on expectations of air traffic recovery in light of further signs of progress with a vaccine. There were also news of a possible second government bailout for the industry. The airfreight company Altas Air which, unlike the rest of the group has been a strong performer all year, rose further after announcing better than expected earnings, continuing to benefit from strong airfreight demand. Homebuilders (Beazer +9.4%; M/I Homes +2.2%; Taylor Morrison +0.3%) continued to rise, buoyed by strong new home start numbers, the highest level seen in 12 years since 2007. Resolute Forest (+56.1%) and Domtar (+35.9%) also rose, reflecting the recent strength in lumber prices in response to an uplift in demand. This was offset by the gold miner group most of which declined (IAMGOLD -13.9%; Kinross Gold -5.2%; Gold Fields -0.5%) as Treasury yields rose. Other detractors included the shipping names (Diamond S Shipping -6.7%; International Seaways -1.8%). We added to Diamond S, FLY Leasing, IAMGOLD, and Verso, while trimming Atlas Air, Air France, Gold Fields, and Taylor Morrison. There were no new purchases. Airlines / aircraft leasing, metals, insurance, and building / real estate continue to be the largest industry weightings. The portfolio trades at 59% of tangible book value and 5.6x 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** **August** **2020**

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	32			15	35	ok
B5. Portfolio Characteristics						
P/B	0.59	3.77	16%	30%	100%	check
P/E (1 Year Forward)	19.99	27.08	74%	50%	100%	ok
Dividend Yield	1.02	1.61	63%	50%	150%	ok
F2. Commissions not to exceed \$0.05/share; explanation required for commissions >\$0.07/share						ok
F3. Annual Turnover	20%			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.

**Organizational/Personnel Changes**

N/A

**Account Turnover**

Gained:	Number of Accounts:	1	Total Market Value (\$m):	\$	3.3
Lost:	Number of Accounts:		Total Market Value (\$m):		
	Reason(s):				