



IDFC STERLING VALUE FUND

(Previously known as IDFC Sterling Equity Fund w.e.f. May 28, 2018)
An open ended equity scheme following a value investment strategy

IDFC Sterling Value Fund is a value oriented fund with the current focus on the mid and small cap segment*.

FUND PHILOSOPHY*

The focus of IDFC Sterling Value Fund has been on building a portfolio of Leader/Challengers and Emerging businesses with an emphasis on bottom up stock selection. As part of the current strategy, the portfolio looks to build on the leaders/challengers - these are the market leaders in the Non-Nifty sectors (like Tyres, Bearings) or Top Challengers in the Nifty sectors (such as FMCG, Banks). The key parameters that we look at while selecting the companies here are low debt to operating cash flow and ROIC (Return on Invested Capital) greater than the Cost of Capital (CoC). The other part of the portfolio focuses on the Emerging Businesses. These are businesses in down cycles or where scale is yet to be achieved or where companies can fund growth without repeated dilutions. Many a times, earnings do not capture fair value of the businesses in down cycles or that are yet to achieve scale and hence popular ratios such as P/E ratio might not be the relevant metric to value the company. Thus, we believe that a better parameter for relative value evaluation could be the Enterprise Value (EV)/Sales ratio & Price/Book (P/B). We also filter stocks for Sustained improvement in RoE (Return on Equity) and RoCE (Return on Capital Employed) and those with Earnings Growth higher than Nifty. This segregation helps in easy management of risk & liquidity aspects of the portfolio.

EQUITY SHORT OUTLOOK

With the budget and elections behind us, focus should now shift to earnings. Q4 Earnings season concluded on a mixed note - the BSE200 earnings reported a strong growth off a weak base (mainly aided by Corporate Banks), worries of a slowdown in consumption led by Auto dampened market mood. In the June quarter 11.3% of the BSE200 Index saw an upgrade of >2% in FY 20 earnings whereas 55.3% of the Index saw a downgrade. Downgrades were more visible in Stable segment with 40% Stables and 15.3% witnessing downgrades in excess of 2%. Similarly, 8.4% of Cyclical were upgraded >2% and only 2.8% of Stables were upgraded >2%. Though June quarter earnings are expected to be tepid as most high frequency indicators indicate a slowdown, management commentary w.r.t. growth outlook across industries will be keenly watched.

Globally, post the Fed's June MPC meeting, Economists have pulled forward their expectations of 25bps rate cuts to July and September (vs. Sep and Dec previously). Global Markets surged in June with the MSCI world Index rising 6.4% MoM, up 3.4% for the quarter with equal contribution from Developed Markets (+6.5% MoM and +3.4% QoQ) and Emerging Markets (+5.7% MoM and -0.3% QoQ). Oil rose sharply in June with WTI rising 9% and Brent rising 3% MoM to close at \$66.5/barrel. For the quarter though, Brent fell 3% QoQ and still trades at a comfortable range for the India economy.

FUND FEATURES:

Category: Value

Monthly Avg AUM: ₹3,255.56 Crores

Inception Date: 7th March 2008

Fund Manager: Mr. Anoop Bhaskar (w.e.f. 30/04/2016) & Mr. Daylynn Pinto (w.e.f. 20/10/2016)

Beta: 1.11

R Square: 0.81

Standard Deviation (Annualized): 16.17%

Benchmark: S&P BSE 500 TRI (w.e.f. May 28, 2018)

Minimum Investment Amount: ₹5,000/- and any amount thereafter.

Exit Load: 1% if redeemed on or before 365 days from the date of allotment. (w.e.f. 07/09/2015)

SIP Frequency: Monthly (Investor may choose any day of the month except 29th, 30th and 31st as the date of instalment.)

Options Available: Growth, Dividend (Payout, Reinvestment and Sweep (from Equity Schemes to Debt Schemes only))

PLAN	DIVIDEND RECORD DATE	₹/UNIT	NAV
REGULAR	16-Feb-18	1.38	23.2025
	10-Mar-17	1.31	18.6235
	21-Mar-16	1.50	15.8685
DIRECT	10-Mar-17	1.37	19.3894
	21-Mar-16	1.50	16.3433
	16-Mar-15	2.00	20.8582

Face Value per Unit (in ₹) is 10

Dividend is not guaranteed and past performance may or may not be sustained in future. Pursuant to payment of dividend, the NAV of the scheme would fall to the extent of payout and statutory levy (as applicable).

Ratios calculated on the basis of 3 years history of monthly data.

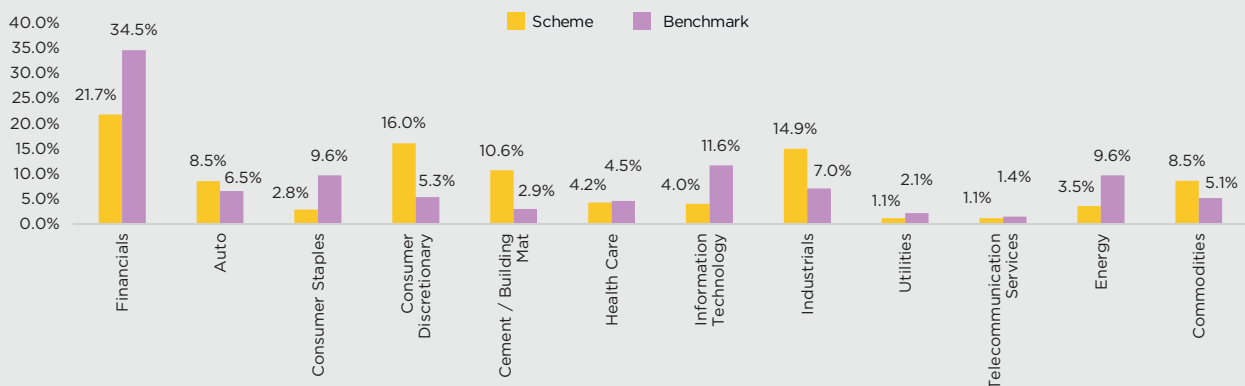
*The allocation mentioned above is as per current strategy and market conditions; this is however subject to change without notice.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	95.96%	Birlasoft	0.94%
Banks	13.57%	KPIT Technologies	0.73%
ICICI Bank	3.03%	Power	3.55%
Axis Bank	2.99%	Kalpataru Power Transmission	1.63%
RBL Bank	2.95%	CESC	1.06%
Bank of Baroda	1.46%	Nava Bharat Ventures	0.86%
The Karnataka Bank	1.31%	Hotels, Resorts And Other Recreational Activities	3.30%
Indian Bank	1.04%	The Indian Hotels Company	2.08%
The Federal Bank	0.80%	EIH	0.87%
Auto Ancillaries	8.84%	Wonderla Holidays	0.34%
MRF	1.55%	Consumer Non Durables	3.20%
Exide Industries	1.49%	Emami	1.10%
Minda Industries	1.34%	Procter & Gamble Hygiene and Health Care	1.01%
Apollo Tyres	1.17%	Tata Global Beverages	0.69%
Tube Investments of India	1.06%	HBL Power Systems	0.40%
Asahi India Glass	0.91%	Ferrous Metals	2.86%
WABCO India	0.70%	Jindal Steel & Power	1.55%
Igarashi Motors India	0.31%	Maharashtra Seamless	0.95%
Sterling Tools	0.31%	Kirloskar Ferrous Industries	0.36%
Retailing	8.35%	Transportation	2.69%
Future Retail	4.57%	VRL Logistics	1.73%
Future Lifestyle Fashions	1.39%	Future Supply Chain Solutions	0.96%
Aditya Birla Fashion and Retail	1.23%	Textile Products	2.65%
V-Mart Retail	1.09%	Raymond	1.13%
Spencer's Retail	0.07%	K.P.R. Mill	0.97%
Cement	8.25%	Dollar Industries	0.55%
The Ramco Cements	2.53%	Industrial Capital Goods	2.64%
ACC	1.88%	Bharat Electronics	1.29%
JK Cement	1.86%	CG Power and Industrial Solutions	0.56%
Prism Johnson	1.43%	Lakshmi Machine Works	0.50%
Sagar Cements	0.54%	Skipper	0.28%
Finance	8.12%	Petroleum Products	2.23%
ICICI Lombard General Insurance Company	1.71%	Hindustan Petroleum Corporation	2.23%
Magma Fincorp	1.61%	Industrial Products	2.01%
Mas Financial Services	1.57%	Polycab India	0.97%
M&M Financial Services	1.55%	Schaeffler India	0.69%
ICICI Securities	0.91%	Graphite India	0.35%
BSE	0.76%	Textiles - Cotton	1.94%
Consumer Durables	4.74%	Vardhman Textiles	1.40%
Voltas	1.58%	Nitin Spinners	0.54%
Crompton Greaves Consumer Electricals	1.50%	Chemicals	1.83%
Greenply Industries	1.39%	Deepak Nitrite	1.83%
Butterfly Gandhimathi Appliances	0.27%	Gas	1.25%
Construction Project	4.29%	Gujarat Gas	1.25%
KEC International	2.58%	Non - Ferrous Metals	0.74%
NCC	1.71%	National Aluminium Company	0.74%
Pharmaceuticals	4.22%	Media & Entertainment	0.41%
IPCA Laboratories	1.58%	Entertainment Network (India)	0.41%
Aurobindo Pharma	1.31%	Telecom - Services	0.32%
Dishman Carbogen Amcis	1.06%	Bharti Airtel	0.32%
Natco Pharma	0.26%	Net Cash and Cash Equivalent	4.04%
Software	3.97%	Grand Total	100.00%
Cyient	1.25%		
Persistent Systems	1.04%		



SECTOR ALLOCATION



This product is suitable for investors who are seeking*:

- To create wealth over long term
- Investment predominantly in equity and equity related instruments following a value investment strategy

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

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