



## 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.

### FUND HIGHLIGHT - JANUARY TO MARCH QUARTER

In the first quarter of 2019, the market has witnessed extreme volatility with the first half of the quarter displaying extreme pessimism due to a synchronized global growth slowdown, trade war tensions, domestic fiscal challenges and of course the upcoming Lok Sabha elections. This led to heightened pessimism in the mid and small space while select large caps continued to remain relatively stable. However, post mid-February, the market mood seemed to be more buoyant driven by the US Fed's dovish outlook on interest rates leading to a weaker Dollar and hence more flows towards emerging markets coupled with change in perception of a fragmented government being elected in India. While, it feels like we have seen a good rebound in mid and small caps since February, the reality is that Nifty delivered 7.3% as compared to NSE Midcap and NSE Small Cap delivering just 2.5% and 3.6% respectively during the quarter, thereby continuing its run of outperformance from 2018.

We continue to reiterate the positioning of the Fund as a Value Fund post the notification from SEBI with respect to classification of funds, which has led to the investment vistas for the fund having widened considerably. Without diluting the earlier mandate of investing in mid and small caps with a value bias, the fund will now look, selectively, at opportunities in the large cap segment as well.

During the year, our strategy has been to continue building a portfolio of Leader/Challengers and Emerging businesses with an emphasis on bottom up stock selection. We ended the quarter with approximately 56% in leader/challenger companies while the remaining portfolio is invested in emerging businesses. Our focus on capital preservation and accumulating cash for selective purchases remains. As a result, cash levels were maintained around the 6% level during the year. The other focus area was to increase the size of our holdings and hence weights of several stocks increased an exercise which will continue going forward as well. In line with this strategy, during the quarter, we have added just Birlasoft while exiting 8 Bajaj Finance, Bharat Forge, Hikal Ltd, Petronet LNG, TD Power Systems, RP SG Business Process Services, RP SG Retail and SAIL.

#### FUND FEATURES:

**Category:** Value

**Monthly Avg AUM:** ₹3,178.39 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):** 16.19%

**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.

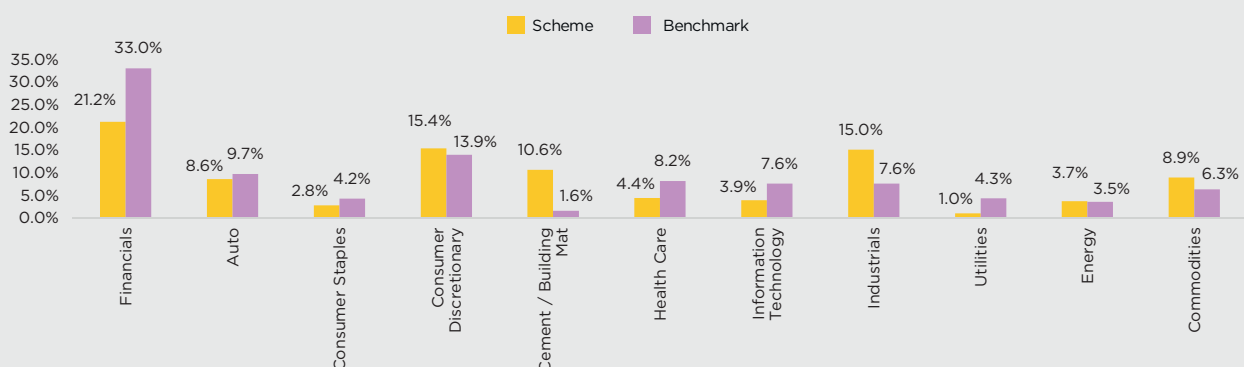
\*The allocation mentioned above is as per current strategy and market conditions; this is however subject to change without notice.

**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
<b>Equity and Equity related Instruments</b>	<b>95.80%</b>	Persistent Systems	0.97%
<b>Banks</b>	<b>13.78%</b>	KPIT Technologies	0.68%
RBL Bank	3.11%	<b>Power</b>	<b>3.38%</b>
ICICI Bank	2.88%	Kalpataru Power Transmission	1.54%
Axis Bank	2.87%	CESC	0.99%
Bank of Baroda	1.49%	Nava Bharat Ventures	0.85%
The Karnataka Bank	1.40%	<b>Hotels, Resorts And Other Recreational Activities</b>	<b>3.26%</b>
Indian Bank	1.25%	The Indian Hotels Company	2.04%
The Federal Bank	0.78%	ElH	0.85%
<b>Auto Ancillaries</b>	<b>8.91%</b>	Wonderla Holidays	0.37%
Exide Industries	1.54%	<b>Consumer Non Durables</b>	<b>3.23%</b>
MRF	1.49%	Emami	1.26%
Minda Industries	1.42%	Procter & Gamble Hygiene and Health Care	1.01%
Apollo Tyres	1.23%	Tata Global Beverages	0.46%
Tube Investments of India	1.06%	Tata Global Beverages - Equity Futures	0.06%
Asahi India Glass	0.85%	HBL Power Systems	0.44%
WABCO India	0.70%	<b>Ferrous Metals</b>	<b>3.03%</b>
Sterling Tools	0.33%	Jindal Steel & Power	1.72%
Igarashi Motors India	0.27%	Maharashtra Seamless	0.94%
<b>Cement</b>	<b>8.41%</b>	Kirloskar Ferrous Industries	0.38%
The Ramco Cements	2.59%	<b>Transportation</b>	<b>2.78%</b>
JK Cement	1.91%	VRL Logistics	1.72%
ACC	1.88%	Future Supply Chain Solutions	1.05%
Prism Johnson	1.49%	<b>Industrial Capital Goods</b>	<b>2.77%</b>
Sagar Cements	0.54%	Bharat Electronics	1.25%
<b>Retailing</b>	<b>7.92%</b>	CG Power and Industrial Solutions	0.69%
Future Retail	4.15%	Lakshmi Machine Works	0.53%
Future Lifestyle Fashions	1.32%	Skipper	0.30%
V-Mart Retail	1.19%	<b>Textile Products</b>	<b>2.73%</b>
Aditya Birla Fashion and Retail	1.18%	Raymond	1.25%
Spencer's Retail	0.08%	K.P.R. Mill	0.95%
<b>Finance</b>	<b>7.45%</b>	Dollar Industries	0.53%
M&M Financial Services	1.66%	<b>Petroleum Products</b>	<b>2.49%</b>
Magma Fincorp	1.59%	Hindustan Petroleum Corporation	2.49%
Mas Financial Services	1.35%	<b>Industrial Products</b>	<b>2.16%</b>
ICICI Lombard General Insurance Company	1.19%	Polycab India	0.92%
ICICI Securities	0.90%	Schaeffler India	0.71%
BSE	0.76%	Graphite India	0.52%
<b>Consumer Durables</b>	<b>4.50%</b>	<b>Textiles - Cotton</b>	<b>1.97%</b>
Crompton Greaves Consumer Electricals	1.51%	Vardhman Textiles	1.36%
Voltas	1.40%	Nitin Spinners	0.61%
Greenply Industries	1.31%	<b>Chemicals</b>	<b>1.89%</b>
Butterfly Gandhimathi Appliances	0.28%	Deepak Nitrite	1.89%
<b>Pharmaceuticals</b>	<b>4.39%</b>	<b>Gas</b>	<b>1.22%</b>
IPCA Laboratories	1.59%	Gujarat Gas	1.22%
Aurobindo Pharma	1.42%	<b>Non - Ferrous Metals</b>	<b>0.75%</b>
Dishman Carbogen Amcis	1.10%	National Aluminium Company	0.75%
Natco Pharma	0.27%	<b>Media &amp; Entertainment</b>	<b>0.45%</b>
<b>Construction Project</b>	<b>4.15%</b>	Entertainment Network (India)	0.45%
KEC International	2.47%	<b>Telecom - Services</b>	<b>0.28%</b>
NCC	1.68%	Bharti Airtel	0.28%
<b>Software</b>	<b>3.91%</b>	<b>Net Cash and Cash Equivalent</b>	<b>4.20%</b>
Cyient	1.27%	<b>Grand Total</b>	<b>100.00%</b>
Birlasoft	1.00%		



**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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