



## 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.

### OUTLOOK

In FY 19, despite outperforming Stable segment in terms of Sales and PAT growth, Cyclical sectors saw a significant de-rating and underperformance in terms of stock performance. The key worry for investors especially in the cyclical segment is visibility beyond FY 21 as government ordering has slowed down. Mid and Small Cap indices now trade at a discount to NIFTY This is in marked contrast to the position in Jan-18 when the NIFTY was trading significantly cheaper to the mid and small cap indices. Of the various factors needed for Cyclical and Mid and small Cap outperformance, quite a few are in favour namely - a good and above expected monsoon, government and RBI attention to turn around the flagging economy, favourable valuations, crude prices closer to \$60, yields below 6.5% and last but not the least a stable government at the centre.

The key concerns that are faced by the markets are: (1) ongoing NBFC credit crunch (2) slowdown in both domestic consumption and government spend on infra (3) global slowdown and trade wars. Improvement in domestic and global growth outlook can be a key trigger for the broader markets going forward though the NIFTY may not see a significant uptick. After a fairly normal monsoon, the festive season will be keenly watched for signs of pickup in demand.

Despite the doom and gloom, the only silver lining for investors is reasonable valuations, especially for small and mid-caps and a reasonable base for H2 earnings.

### FUND FEATURES:

**Category:** Value

**Monthly Avg AUM:** ₹2,893.66 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:** 1.15

**R Square:** 0.82

**Standard Deviation (Annualized):** 17.19%

**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.

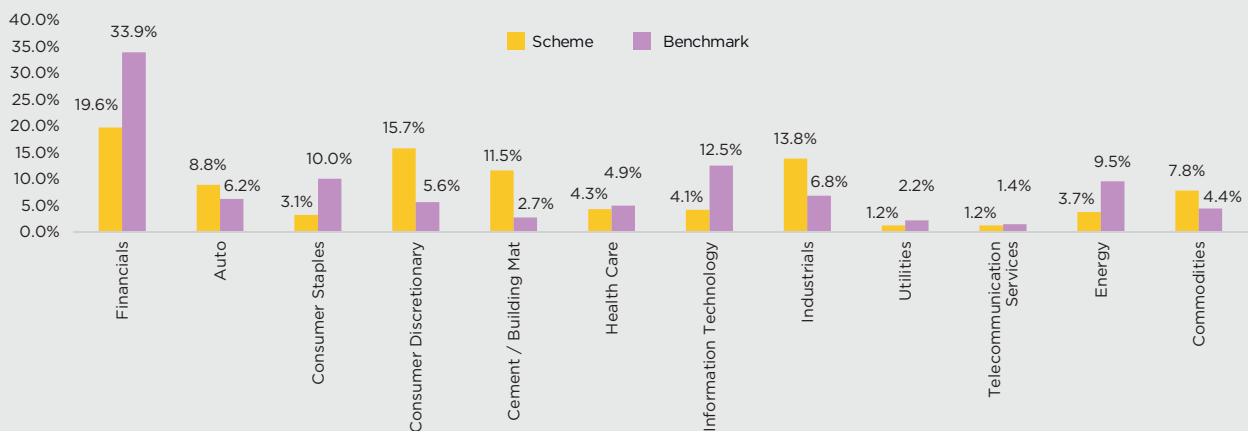
\*The allocation mentioned above is as per current strategy and market conditions; this is however subject to change without notice.

**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>93.73%</b>	<b>Power</b>	<b>3.58%</b>
<b>Banks</b>	<b>11.76%</b>	Kalpataru Power Transmission	1.56%
ICICI Bank	3.26%	CESC	1.18%
Axis Bank	2.76%	Nava Bharat Ventures	0.84%
RBL Bank	2.04%	<b>Construction Project</b>	<b>3.44%</b>
Bank of Baroda	1.25%	KEC International	2.22%
Indian Bank	0.90%	NCC	1.22%
The Federal Bank	0.80%	<b>Consumer Non Durables</b>	<b>3.43%</b>
The Karnataka Bank	0.75%	Emami	1.23%
<b>Auto Ancillaries</b>	<b>9.23%</b>	Procter & Gamble Hygiene and Health Care	1.09%
MRF	1.80%	Tata Global Beverages	0.80%
Minda Industries	1.69%	HBL Power Systems	0.30%
Exide Industries	1.51%	<b>Transportation</b>	<b>3.10%</b>
Tube Investments of India	1.05%	VRL Logistics	2.05%
Apollo Tyres	1.01%	Future Supply Chain Solutions	1.04%
Asahi India Glass	0.88%	<b>Hotels, Resorts And Other Recreational Activities</b>	<b>3.02%</b>
WABCO India	0.78%	The Indian Hotels Company	2.07%
Igarashi Motors India	0.26%	EIH	0.87%
Sterling Tools	0.24%	Wonderla Holidays	0.08%
<b>Cement</b>	<b>9.00%</b>	<b>Textile Products</b>	<b>2.60%</b>
The Ramco Cements	2.64%	Raymond	1.12%
JK Cement	2.15%	K.P.R. Mill	1.00%
ACC	2.10%	Dollar Industries	0.48%
Prism Johnson	1.58%	<b>Ferrous Metals</b>	<b>2.55%</b>
Sagar Cements	0.52%	Jindal Steel & Power	1.27%
<b>Retailing</b>	<b>8.10%</b>	Maharashtra Seamless	0.95%
Future Retail	4.23%	Kirloskar Ferrous Industries	0.33%
Future Lifestyle Fashions	1.45%	<b>Petroleum Products</b>	<b>2.25%</b>
Aditya Birla Fashion and Retail	1.21%	Hindustan Petroleum Corporation	2.25%
V-Mart Retail	1.15%	<b>Industrial Capital Goods</b>	<b>2.23%</b>
Spencer's Retail	0.06%	Bharat Electronics	1.32%
<b>Finance</b>	<b>7.98%</b>	Lakshmi Machine Works	0.40%
ICICI Lombard General Insurance Company	2.18%	Skipper	0.26%
Mas Financial Services	1.71%	CG Power and Industrial Solutions	0.23%
M&M Financial Services	1.44%	<b>Industrial Products</b>	<b>2.04%</b>
ICICI Securities	1.00%	Polycab India	1.08%
Magma Fincorp	0.91%	Schaeffler India	0.64%
BSE	0.74%	Graphite India	0.32%
<b>Consumer Durables</b>	<b>5.19%</b>	<b>Chemicals</b>	<b>1.99%</b>
Voltas	1.82%	Deepak Nitrite	1.99%
Crompton Greaves Consumer Electricals	1.67%	<b>Textiles - Cotton</b>	<b>1.74%</b>
Greenply Industries	1.36%	Vardhman Textiles	1.31%
Butterfly Gandhimathi Appliances	0.26%	Nitin Spinners	0.43%
Greenpanel Industries	0.09%	<b>Gas</b>	<b>1.45%</b>
<b>Pharmaceuticals</b>	<b>4.22%</b>	Gujarat Gas	1.45%
IPCA Laboratories	1.86%	<b>Media &amp; Entertainment</b>	<b>0.39%</b>
Aurobindo Pharma	1.45%	Entertainment Network (India)	0.39%
Dishman Carbogen Amcis	0.90%	<b>Non - Ferrous Metals</b>	<b>0.33%</b>
<b>Software</b>	<b>4.13%</b>	National Aluminium Company	0.33%
Cyient	1.15%	<b>Net Cash and Cash Equivalent</b>	<b>6.27%</b>
Persistent Systems	1.03%	<b>Grand Total</b>	<b>100.00%</b>
KPIT Technologies	1.01%		
Birlasoft	0.94%		



**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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