



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

Given the sharp fall in the Nifty over the last month and the two years' long bear market in Small-Caps and Mid-Caps, we believe market valuations are at attractive levels. However, given the "uniqueness" of the situation, the earnings growth recovery could be uneven and unpredictable across sectors. Without any therapeutic solution to the medical problem posed by the novel Corona virus, market volatility could remain high.

It is quite likely, that a medical solution changes the market mood overnight and results in a frantic rally. Chasing such a rally would depend on how long the economy has been held prisoner by the novel Corona virus. If such a development takes place within the next fortnight to a month, then going "all in" may be a good strategy. If the current uncertainty lingers till the end of June quarter, then the economy may be bruised but not damaged and markets may probably take a few quarters to recover. If the current situation persists beyond these time lines, recovery of equity markets may start getting pushed further down the road.

FUND FEATURES:

Category: Value

Monthly Avg AUM: ₹2,391.61 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)

Other Parameters:

Beta: 1.01

R Square: 0.94

Standard Deviation (Annualized): 25.61%

Benchmark: S&P BSE 400 MidSmallCap TRI (w.e.f 11/11/2019)

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	20-Mar-20	0.73	12.8800
	16-Feb-18	1.38	23.2025
	10-Mar-17	1.31	18.6235
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.

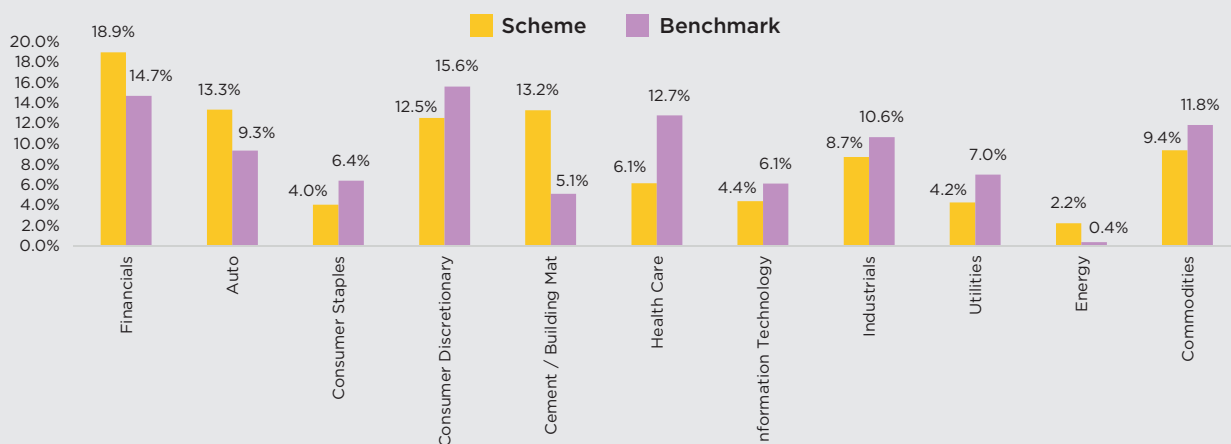
*The allocation mentioned above is as per current strategy and market conditions; this is however subject to change without notice.

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	97.07%	Cyient	0.87%
Auto Ancillaries	12.21%	KPIT Technologies	0.66%
MRF	3.05%	Consumer Non Durables	4.24%
Exide Industries	1.93%	Tata Consumer Products	1.47%
Minda Industries	1.75%	Procter & Gamble Hygiene and Health Care	1.46%
WABCO India	1.19%	Emami	1.12%
Asahi India Glass	1.15%	HBL Power Systems	0.20%
Wheels India	0.96%	Construction Project	3.51%
Tube Investments of India	0.86%	KEC International	2.63%
Apollo Tyres	0.58%	NCC	0.89%
Igarashi Motors India	0.38%	Chemicals	3.28%
Sterling Tools	0.34%	Deepak Nitrite	3.28%
Banks	10.87%	Ferrous Metals	2.94%
ICICI Bank	3.74%	Jindal Steel & Power	1.77%
Axis Bank	3.27%	Maharashtra Seamless	0.80%
RBL Bank	1.88%	Kirloskar Ferrous Industries	0.36%
Bank of Baroda	1.18%	Gas	2.79%
The Federal Bank	0.80%	Gujarat Gas	2.79%
Cement	10.12%	Industrial Products	2.75%
JK Cement	2.92%	Polycab India	1.44%
The Ramco Cements	2.75%	Bharat Forge	0.74%
ACC	2.14%	Graphite India	0.57%
Dalmia Bharat	1.03%	Power	2.47%
Prism Johnson	0.87%	Kalpataru Power Transmission	1.01%
Sagar Cements	0.42%	CESC	0.92%
Finance	8.04%	Nava Bharat Ventures	0.54%
ICICI Lombard General Insurance Company	2.73%	Hotels, Resorts And Other	
ICICI Securities	2.01%	Recreational Activities	2.33%
Mas Financial Services	2.00%	The Indian Hotels Company	1.78%
M&M Financial Services	0.77%	EIH	0.55%
Magma Fincorp	0.37%	Petroleum Products	2.25%
BSE	0.16%	Hindustan Petroleum Corporation	2.25%
Consumer Durables	6.57%	Transportation	2.04%
Voltas	2.38%	VRL Logistics	1.70%
Crompton Greaves Consumer Electricals	2.19%	Future Supply Chain Solutions	0.34%
Greenply Industries	1.23%	Industrial Capital Goods	1.92%
Greenpanel Industries	0.45%	Bharat Electronics	1.56%
Butterfly Gandhimathi Appliances	0.32%	Skipper	0.19%
Pharmaceuticals	6.14%	CG Power and Industrial Solutions	0.17%
IPCA Laboratories	4.02%	Textiles - Cotton	1.88%
Aurobindo Pharma	1.63%	Vardhman Textiles	1.50%
Dishman Carbogen Amcis	0.49%	Nitin Spinners	0.38%
Retailing	4.69%	Textile Products	1.46%
Aditya Birla Fashion and Retail	1.45%	K.P.R. Mill	0.94%
V-Mart Retail	1.34%	Dollar Industries	0.40%
Future Retail	1.28%	Raymond	0.12%
Future Lifestyle Fashions	0.61%	Media & Entertainment	0.20%
Software	4.38%	Entertainment Network (India)	0.20%
Persistent Systems	1.50%	Net Cash and Cash Equivalent	2.93%
Birlasoft	1.34%	Grand Total	100.00%



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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