



## 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

Indian equities continued their upward momentum in July with markets rebounding by 46% from March lows despite the relentless increase in daily new Covid cases and sharp earnings downgrades.

Going forward, the pace of economic recovery would depend largely on the extent of local lockdowns on account of spread of Covid-19. Markets seems to have run ahead of fundamentals and are less than 10% lower than all-time highs. Global and domestic liquidity seems to have played a significant part in the sharp upmove seen in the markets. Investors should tread with caution as the number of cases and deaths in India continue to rise. Also, earnings uncertainty for FY21 is fairly high with a wide range of analyst estimates. Various valuation parameters after dropping to an “attractive” zone in April’20 have moved into the “expensive” zone. Investors need to be cautious at current levels given the combination of higher valuation and a possibility of a slower than expected earnings recovery in FY21.

**FUND FEATURES:** (Data as on 31st July'20)

**Category:** Value

**Monthly Avg AUM:** ₹2,401.33 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:** 1.02

**R Square:** 0.95

**Standard Deviation (Annualized):** 27.99%

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

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

**Exit Load:**

● If redeemed/switched out within 365 days from the date of allotment:

- ▶ Upto 10% of investment: Nil,
- ▶ For remaining investment: 1% of applicable NAV.

● If redeemed / switched out after 365 days from date of allotment: Nil. (w.e.f. May 08, 2020)

**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.

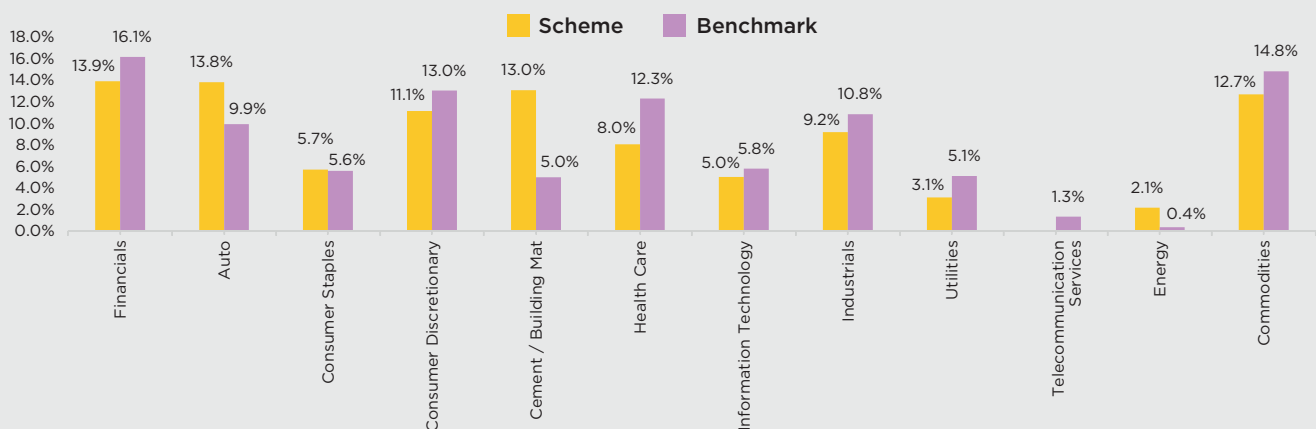
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

**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>97.69%</b>	Jindal Steel & Power	3.08%
<b>Auto Ancillaries</b>	<b>11.80%</b>	Maharashtra Seamless	0.74%
MRF	2.67%	Kirloskar Ferrous Industries	0.52%
Exide Industries	1.81%	<b>Retailing</b>	<b>4.28%</b>
Minda Industries	1.66%	Future Retail	1.43%
Tube Investments of India	1.27%	V-Mart Retail	1.35%
Wheels India	1.12%	Aditya Birla Fashion and Retail	1.03%
WABCO India	1.07%	Future Lifestyle Fashions	0.47%
Asahi India Glass	1.00%	<b>Construction Project</b>	<b>4.19%</b>
Bosch	0.59%	KEC International	3.08%
Sterling Tools	0.38%	NCC	1.11%
Igarashi Motors India	0.22%	<b>Chemicals</b>	<b>3.61%</b>
<b>Cement</b>	<b>10.26%</b>	Deepak Nitrite	3.61%
JK Cement	3.44%	<b>Industrial Products</b>	<b>3.28%</b>
The Ramco Cements	3.02%	Bharat Forge	1.47%
ACC	2.25%	Polycab India	1.23%
Prism Johnson	1.01%	Graphite India	0.58%
Sagar Cements	0.54%	<b>Gas</b>	<b>2.53%</b>
<b>Pharmaceuticals</b>	<b>8.02%</b>	Gujarat Gas	2.53%
IPCA Laboratories	3.90%	<b>Petroleum Products</b>	<b>2.15%</b>
Aurobindo Pharma	2.73%	Hindustan Petroleum Corporation	2.15%
Dishman Carbogen Amcis	1.39%	<b>Industrial Capital Goods</b>	<b>2.12%</b>
<b>Finance</b>	<b>7.25%</b>	Bharat Electronics	1.60%
ICICI Lombard General Insurance Company	2.44%	Skipper	0.28%
ICICI Securities	2.41%	CG Power and Industrial Solutions	0.25%
Mas Financial Services	1.95%	<b>Pesticides</b>	<b>1.97%</b>
Magma Fincorp	0.44%	PI Industries	1.00%
<b>Banks</b>	<b>6.64%</b>	Rallis India	0.97%
ICICI Bank	3.46%	<b>Hotels, Resorts And Other</b>	
Axis Bank	1.98%	<b>Recreational Activities</b>	<b>1.88%</b>
RBL Bank	1.20%	The Indian Hotels Company	1.45%
<b>Consumer Durables</b>	<b>6.06%</b>	EIH	0.43%
Voltas	2.24%	<b>Textiles - Cotton</b>	<b>1.72%</b>
Crompton Greaves Consumer Electricals	1.93%	Vardhman Textiles	1.32%
Greenply Industries	1.07%	Nitin Spinners	0.41%
Greenpanel Industries	0.49%	<b>Transportation</b>	<b>1.68%</b>
Butterfly Gandhimathi Appliances	0.32%	VRL Logistics	1.29%
<b>Consumer Non Durables</b>	<b>5.78%</b>	Future Supply Chain Solutions	0.39%
Tata Consumer Products	1.69%	<b>Power</b>	<b>1.64%</b>
Emami	1.60%	Kalpataru Power Transmission	1.07%
Radico Khaitan	1.53%	Nava Bharat Ventures	0.58%
Procter & Gamble Hygiene and Health Care	0.86%	<b>Textile Products</b>	<b>1.31%</b>
HBL Power Systems	0.09%	K.P.R. Mill	0.95%
<b>Software</b>	<b>5.01%</b>	Dollar Industries	0.37%
Birlasoft	2.05%	<b>Media &amp; Entertainment</b>	<b>0.16%</b>
Persistent Systems	1.91%	Entertainment Network (India)	0.16%
KPIT Technologies	1.04%	<b>Net Cash and Cash Equivalent</b>	<b>2.31%</b>
<b>Ferrous Metals</b>	<b>4.34%</b>	<b>Grand Total</b>	<b>100.00%</b>



**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.