



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 line with global equities, Indian equities saw a sharp rally in November. Domestically, the focus was on 2QFY21 earnings and a gradual reopening of the economy. Q2 FY21 earnings season was much better than expected, with broad-based beats and upgrades. Nifty50 and BSE200 FY22 earnings were upgraded for the first time in 23 quarters.

In India, the economic devastation from the pandemic has been at a scale much lower than earlier predicted with a healthy recovery expected for FY22. Thus, the chance of a “melt up” rather than a “meltdown” appear to have a higher possibility.

Going forward, at current levels, the possibility of a near term upside, yielding to a “correction” remains the highest probability course for the near term - next 3-month and 6-month period. For the longer term (1 year +), the effectiveness of the vaccine and the speed of its roll out helping bring back the “old” normal will decide the course of the market.

Large Cap stocks may offer greater stability, while small caps will have edge on the valuation front.

FUND FEATURES: (Data as on 27th November'20)
Category: Value
Monthly Avg AUM: ₹2,770.28 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: 1.03
R Square: 0.96
Standard Deviation (Annualized): 29.54%
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.

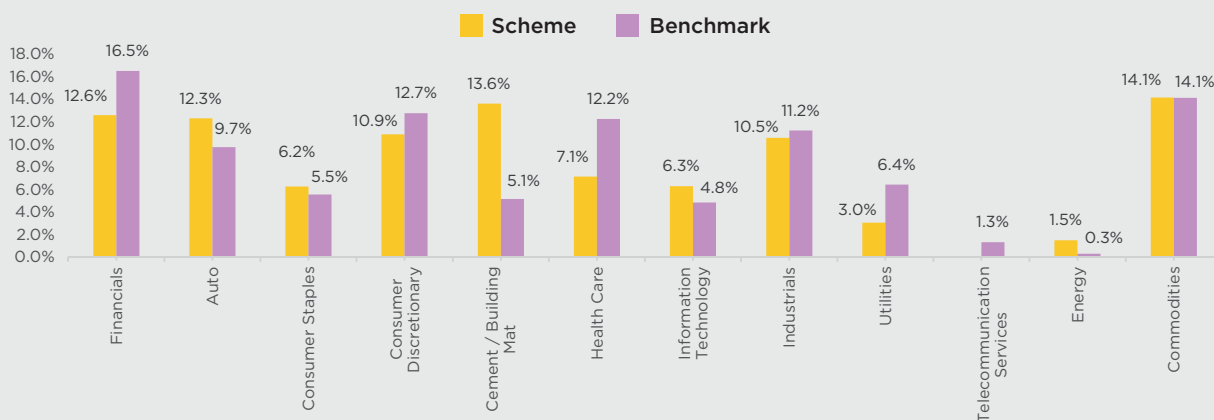
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

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
Equity and Equity related Instruments	98.02%	NCC	1.67%
Cement	10.19%	Industrial Products	4.71%
JK Cement	3.01%	Bharat Forge	1.71%
The Ramco Cements	2.62%	Polycab India	1.32%
ACC	2.35%	Graphite India	1.05%
Prism Johnson	1.55%	SRF	0.63%
Sagar Cements	0.65%	Ferrous Metals	4.36%
Auto Ancillaries	9.77%	Jindal Steel & Power	2.78%
MRF	2.55%	Maharashtra Seamless	0.81%
Minda Industries	2.14%	Kirloskar Ferrous Industries	0.77%
Bosch	1.94%	Chemicals	3.73%
Tube Investments of India	1.35%	Deepak Nitrite	3.73%
Wheels India	1.00%	Industrial Capital Goods	2.81%
Asahi India Glass	0.45%	Bharat Electronics	1.53%
Sterling Tools	0.35%	CG Power and Industrial Solutions	0.91%
Consumer Durables	7.50%	Skipper	0.36%
Voltas	2.51%	Gas	2.48%
Crompton Greaves Consumer Electricals	1.90%	Gujarat Gas	2.48%
Greenply Industries	1.12%	Hotels/ Resorts and Other Recreational Activities	2.46%
Butterfly Gandhimathi Appliances	1.03%	The Indian Hotels Company	1.92%
Greenpanel Industries	0.94%	EIH	0.54%
Finance	7.38%	Retailing	2.32%
Mas Financial Services	2.52%	V-Mart Retail	1.40%
ICICI Lombard General Insurance Company	2.25%	Aditya Birla Fashion and Retail	0.92%
ICICI Securities	1.94%	Textiles - Cotton	1.90%
Magma Fincorp	0.67%	Vardhman Textiles	1.36%
Pharmaceuticals	7.12%	Nitin Spinners	0.53%
IPCA Laboratories	2.99%	Textile Products	1.86%
Aurobindo Pharma	2.25%	K.P.R. Mill	1.39%
Alembic Pharmaceuticals	1.03%	Dollar Industries	0.47%
Dishman Carbogen Amcis	0.85%	Pesticides	1.82%
Software	6.27%	PI Industries	1.04%
Birlasoft	2.52%	Rallis India	0.78%
Persistent Systems	1.65%	Power	1.80%
KPIT Technologies	1.11%	Kalpataru Power Transmission	1.24%
HCL Technologies	0.99%	Nava Bharat Ventures	0.56%
Consumer Non Durables	6.23%	Transportation	1.49%
Emami	2.58%	VRL Logistics	1.49%
Radico Khaitan	1.88%	Petroleum Products	1.48%
Tata Consumer Products	1.76%	Bharat Petroleum Corporation	1.48%
Banks	5.18%	Media & Entertainment	0.17%
ICICI Bank	3.59%	Entertainment Network (India)	0.17%
RBL Bank	1.58%	Net Cash and Cash Equivalent	1.98%
Construction Project	5.00%	Grand Total	100.00%
KEC International	3.33%		



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.