



## 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

The market, since Jan-18 has been clearly two tiered with 70-80 stocks out of BSE 500 generating positive returns. The focus on "High Quality, Consistent Earnings" has been the most successful play during this period. Valuation gap between the "have beens" and the "has beens" is now at one of the widest levels. Given the slowdown in earnings growth even for the "High Quality Consistent Earnings" segment, a substantial part of the returns during the last 18 months has been derived from P/E re-rating.

Continuing from our last month's theme of Sentiment being the first pillar to undergo change for a new market cycle, outperformance of mid-cap and positive returns in Small Cap could indicate early signs of such a reversal. Domestic Sentiments, from being weak, have improved on account of positive Government announcements - Corporate Tax, the 100 trillion INR infra plan, though the budget has been a dampener. Globally, Sentiments did improve as the US-China trade war shows signs of resolving, but the outbreak of the Coronavirus has put a new spanner in the works. Liquidity, the second "building block", is already being tackled domestically, with increased pressure on PSU banks to re-start lending to NBFCs, payments delayed by Government have also been speeded. Valuations, as mentioned earlier, are more modest for the broader market, approaching appetizing levels. Despite the low GDP growth, earnings growth is expected to be at least double digit driven by corporate tax cuts and recovery in Corporate Bank NPAs. If the first three "building blocks" of "SLV" converge, a new upswing could commence. The folly, would be to wait for the Fundamentals, alone, as the most critical ingredient for any new upswing.

### FUND FEATURES:

**Category:** Value

**Monthly Avg AUM:** ₹3,220.69 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:** 0.84

**R Square:** 0.92

**Standard Deviation (Annualized):** 15.81%

**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 | 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.

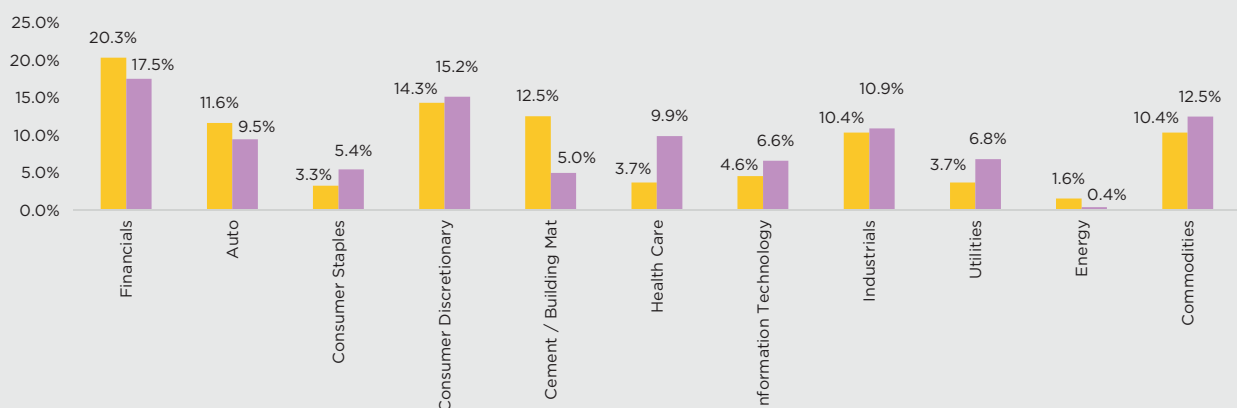
\*The allocation mentioned above is as per current strategy and market conditions; this is however subject to change without notice.

**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>96.54%</b> | <b>Pharmaceuticals</b>                                   | <b>3.64%</b>   |
| <b>Banks</b>                                 | <b>12.09%</b> | IPCA Laboratories  | 2.20%          |
| Axis Bank                                    | 3.62%         | Aurobindo Pharma   | 1.05%          |
| ICICI Bank                                   | 3.59%         | Dishman Carbogen Amcis                                   | 0.39%          |
| RBL Bank                                     | 2.62%         | <b>Ferrous Metals</b>                                    | <b>3.60%</b>   |
| Bank of Baroda                               | 1.21%         | Jindal Steel & Power                                     | 2.29%          |
| The Federal Bank                             | 1.05%         | Maharashtra Seamless                                     | 0.95%          |
| <b>Auto Ancillaries</b>                      | <b>10.88%</b> | Kirloskar Ferrous Industries                             | 0.36%          |
| MRF  | 2.16%         | <b>Consumer Non Durables</b>                             | <b>3.39%</b>   |
| Minda Industries                             | 1.69%         | Tata Global Beverages                                    | 1.13%          |
| Exide Industries                             | 1.59%         | Emami  | 1.12%          |
| Asahi India Glass                            | 1.05%         | Procter & Gamble Hygiene and Health Care                 | 0.92%          |
| Tube Investments of India                    | 1.01%         | HBL Power Systems  | 0.22%          |
| Wheels India                                 | 1.00%         | <b>Power</b>   | <b>3.04%</b>   |
| Apollo Tyres                                 | 0.88%         | Kalpataru Power Transmission                             | 1.43%          |
| WABCO India                                  | 0.78%         | CESC   | 0.95%          |
| Igarashi Motors India                        | 0.37%         | Nava Bharat Ventures                                     | 0.66%          |
| Sterling Tools                               | 0.34%         | <b>Transportation</b>                                    | <b>2.69%</b>   |
| <b>Cement</b>                                | <b>9.70%</b>  | VRL Logistics  | 1.82%          |
| JK Cement                                    | 2.56%         | Future Supply Chain Solutions                            | 0.87%          |
| The Ramco Cements                            | 2.48%         | <b>Hotels, Resorts And Other Recreational Activities</b> | <b>2.63%</b>   |
| ACC  | 1.96%         | The Indian Hotels Company                                | 1.94%          |
| Prism Johnson                                | 1.17%         | EIH  | 0.69%          |
| Dalmia Bharat                                | 1.09%         | <b>Textile Products</b>                                  | <b>2.57%</b>   |
| Sagar Cements                                | 0.44%         | Raymond  | 1.14%          |
| <b>Finance</b>                               | <b>8.58%</b>  | K.P.R. Mill  | 1.11%          |
| Mas Financial Services                       | 2.28%         | Dollar Industries  | 0.32%          |
| ICICI Securities                             | 2.02%         | <b>Chemicals</b>   | <b>2.17%</b>   |
| ICICI Lombard General Insurance Company      | 1.97%         | Deepak Nitrite   | 2.17%          |
| M&M Financial Services                       | 1.15%         | <b>Industrial Products</b>                               | <b>2.10%</b>   |
| Magma Fincorp                                | 0.73%         | Polycab India  | 1.13%          |
| BSE  | 0.43%         | Graphite India   | 0.79%          |
| <b>Retailing</b>                             | <b>6.87%</b>  | Bharat Forge   | 0.18%          |
| Future Retail                                | 3.20%         | <b>Gas</b>   | <b>2.06%</b>   |
| Aditya Birla Fashion and Retail              | 1.32%         | Gujarat Gas  | 2.06%          |
| Future Lifestyle Fashions                    | 1.25%         | <b>Textiles - Cotton</b>                                 | <b>1.91%</b>   |
| V-Mart Retail                                | 1.10%         | Vardhman Textiles  | 1.47%          |
| <b>Consumer Durables</b>                     | <b>5.97%</b>  | Nitin Spinners   | 0.45%          |
| Voltas                                       | 1.98%         | <b>Industrial Capital Goods</b>                          | <b>1.90%</b>   |
| Crompton Greaves Consumer Electricals        | 1.77%         | Bharat Electronics                                       | 1.13%          |
| Greenply Industries                          | 1.37%         | Lakshmi Machine Works                                    | 0.35%          |
| Greenpanel Industries                        | 0.50%         | Skipper  | 0.22%          |
| Butterfly Gandhimathi Appliances             | 0.36%         | CG Power and Industrial Solutions                        | 0.19%          |
| <b>Software</b>                              | <b>4.50%</b>  | <b>Petroleum Products</b>                                | <b>1.59%</b>   |
| Birlasoft                                    | 1.16%         | Hindustan Petroleum Corporation                          | 1.59%          |
| Cyient                                       | 1.15%         | <b>Media &amp; Entertainment</b>                         | <b>0.24%</b>   |
| Persistent Systems                           | 1.13%         | Entertainment Network (India)                            | 0.24%          |
| KPIT Technologies                            | 1.06%         | <b>Net Cash and Cash Equivalent</b>                      | <b>3.46%</b>   |
| <b>Construction Project</b>                  | <b>4.40%</b>  | <b>Grand Total</b>                                       | <b>100.00%</b> |
| KEC International                            | 2.95%         |  |                |
| NCC  | 1.45%         |  |                |



**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.

Distributed by: