



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

Domestic markets have bounced in line with global markets, despite the rising cases in the country and the economic fallout of one of the most severe lockdowns. High-frequency data show a rebound in economic activity post lockdown. Essential services like groceries and pharmacies are now close to pre-lockdown levels. India's manufacturing PMI has improved sharply from the lows of April.

Two wheelers, tractors, fertilizers, agrochemicals have reported the most robust growth rates and are tipped to reach pre-Covid levels fastest. Pharmaceuticals, has seen the sharpest pullback while Banking and NBFCs, continue to be impacted by Moratorium and higher provisioning fears, thus the "quality" of earnings till Q3 FY21 will remain suspect.

Going ahead, post the pandemic, economic growth will be uneven and difficult to forecast. The key would be to stay invested and participate in the recovery which will unfold in the future. We believe Large Cap stocks may offer greater stability, while small caps will have edge on the valuation front.

FUND FEATURES: (Data as on 30th June'20)

Category: Value

Monthly Avg AUM: ₹2,275.25 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): 28.04%

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.

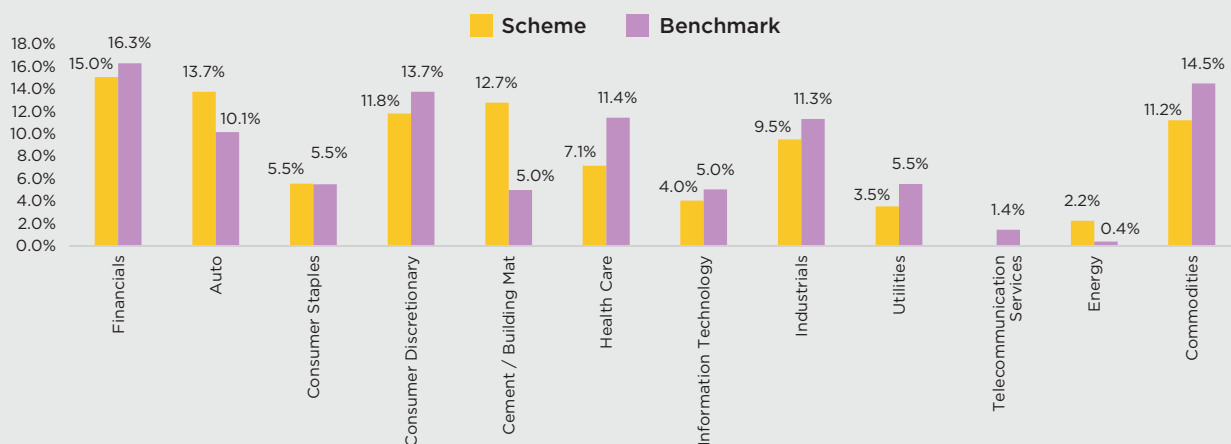
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

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	96.32%	Future Lifestyle Fashions	0.63%
Auto Ancillaries	11.99%	Construction Project	4.36%
MRF	2.88%	KEC International	3.21%
Exide Industries	1.77%	NCC	1.15%
Minda Industries	1.63%	Ferrous Metals	4.04%
Wheels India	1.27%	Jindal Steel & Power	2.76%
Tube Investments of India	1.14%	Maharashtra Seamless	0.81%
WABCO India	1.09%	Kirloskar Ferrous Industries	0.47%
Asahi India Glass	1.06%	Software	4.03%
Bosch	0.49%	Birlasoft	1.57%
Sterling Tools	0.38%	Persistent Systems	1.41%
Igarashi Motors India	0.28%	KPIT Technologies	1.05%
Cement	9.90%	Industrial Products	3.18%
JK Cement	3.42%	Bharat Forge	1.26%
The Ramco Cements	2.85%	Polycab India	1.25%
ACC	2.16%	Graphite India	0.66%
Prism Johnson	1.09%	Chemicals	3.05%
Sagar Cements	0.38%	Deepak Nitrite	3.05%
Finance	7.67%	Gas	2.86%
ICICI Securities	2.71%	Gujarat Gas	2.86%
ICICI Lombard General Insurance Company	2.44%	Petroleum Products	2.22%
Mas Financial Services	2.04%	Hindustan Petroleum Corporation	2.22%
Magma Fincorp	0.48%	Industrial Capital Goods	2.06%
Banks	7.35%	Bharat Electronics	1.52%
ICICI Bank	3.31%	Skipper	0.31%
Axis Bank	2.78%	CG Power and Industrial Solutions	0.23%
RBL Bank	1.26%	Hotels, Resorts And Other	
Pharmaceuticals	7.12%	Recreational Activities	1.99%
IPCA Laboratories	3.73%	The Indian Hotels Company	1.55%
Aurobindo Pharma	2.47%	EIH	0.43%
Dishman Carbogen Amcis	0.92%	Transportation	1.91%
Consumer Durables	6.11%	VRL Logistics	1.45%
Voltas	2.10%	Future Supply Chain Solutions	0.47%
Crompton Greaves Consumer Electricals	2.04%	Textiles - Cotton	1.78%
Greenply Industries	1.08%	Vardhman Textiles	1.32%
Greenpanel Industries	0.51%	Nitin Spinners	0.46%
Butterfly Gandhimathi Appliances	0.37%	Power	1.65%
Consumer Non Durables	5.67%	Kalpataru Power Transmission	1.00%
Radico Khaitan	1.60%	Nava Bharat Ventures	0.66%
Tata Consumer Products	1.57%	Textile Products	1.51%
Emami	1.18%	K.P.R. Mill	1.12%
Procter & Gamble Hygiene and Health Care	1.17%	Dollar Industries	0.39%
HBL Power Systems	0.14%	Pesticides	0.99%
Retailing	4.70%	Rallis India	0.99%
Future Retail	1.72%	Media & Entertainment	0.19%
V-Mart Retail	1.34%	Entertainment Network (India)	0.19%
Aditya Birla Fashion and Retail	1.01%	Net Cash and Cash Equivalent	3.68%
		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.

