



## 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 factors supporting the argument for economic led earnings recovery are: A) The government and RBI measures announced since Aug'19 to revive growth. B) Recent pick-up in inflation and potential bumper Rabi crop offer hope for rural consumption recovery - agri incomes are likely to grow 10-11% vs 6-7% in the previous two years. C) Liquidity conditions have certainly improved owing to RBI's measures. This should trickle down to real economy going ahead. D) Low base of FY20 across sectors helping a YoY comparison

Investors need to watch out for key risks emanating out of: A) The impact of Corona virus on global supply chains and the timelines for resolution. B) Government spending in FY21 is heavily dependent on success of divestment drive + significant inflow from telecom sector. Both these are event dependent, and failure on any of these counts can result in lower government spending impacting aggregate demand. C) In FY20, the fall in input prices boosted margins. However, this is now largely in the base and incremental tailwinds are unlikely unless, there is a fresh leg down in international commodity prices.

The market remains two tiered, with companies and segments which are reporting consistent earnings trading at valuations which may be close to 2 standard deviation above their last 5 years average. On the other hand, the broader market, where earnings have been erratic continue to be ignored by smart investors. Most of these "value" segments are those, which have close ties with Government spending or are dependent on investment cycle revival. The outlook for both these segments remains hazy at the current juncture. Emergence of small cap as a new segment, where investor flows have commenced over the last couple of months, is an interesting development.

### FUND FEATURES:

**Category:** Value

**Monthly Avg AUM:** ₹3,201.69 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):** 15.96%

**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.

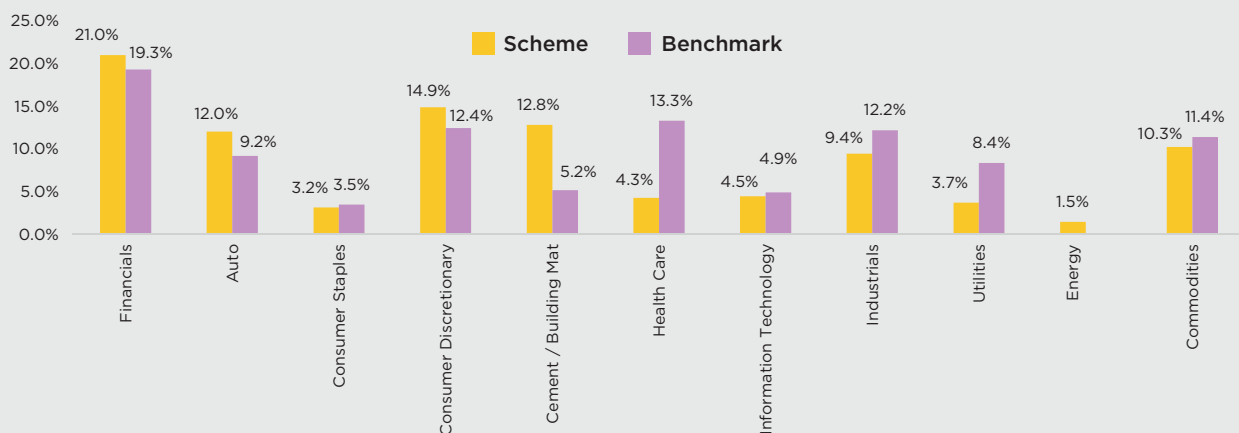
\*The allocation mentioned above is as per current strategy and market conditions; this is however subject to change without notice.

**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>97.43%</b>	Aurobindo Pharma	1.27%
<b>Banks</b>	<b>12.12%</b>	Dishman Carbogen Amcis	0.45%
Axis Bank	3.74%	<b>Construction Project</b>	<b>3.88%</b>
ICICI Bank	3.66%	KEC International	2.80%
RBL Bank	2.58%	NCC	1.07%
Bank of Baroda	1.07%	<b>Consumer Non Durables</b>	<b>3.36%</b>
The Federal Bank	1.06%	Tata Consumer Products	1.10%
<b>Auto Ancillaries</b>	<b>11.04%</b>	Emami	1.05%
MRF	2.22%	Procter & Gamble Hygiene and Health Care	1.01%
Minda Industries	1.74%	HBL Power Systems	0.20%
Exide Industries	1.49%	<b>Ferrous Metals</b>	<b>3.31%</b>
Asahi India Glass	1.17%	Jindal Steel & Power	2.11%
Tube Investments of India	1.06%	Maharashtra Seamless	0.85%
Wheels India	0.94%	Kirloskar Ferrous Industries	0.35%
WABCO India	0.84%	<b>Power</b>	<b>2.75%</b>
Apollo Tyres	0.81%	Kalpataru Power Transmission	1.17%
Igarashi Motors India	0.44%	CESC	0.93%
Sterling Tools	0.34%	Nava Bharat Ventures	0.65%
<b>Cement</b>	<b>9.80%</b>	<b>Hotels, Resorts And Other Recreational Activities</b>	<b>2.72%</b>
JK Cement	2.76%	The Indian Hotels Company	2.01%
The Ramco Cements	2.63%	EIH	0.71%
ACC	1.86%	<b>Chemicals</b>	<b>2.63%</b>
Prism Johnson	1.10%	Deepak Nitrite	2.63%
Dalmia Bharat	1.05%	<b>Industrial Products</b>	<b>2.56%</b>
Sagar Cements	0.39%	Polycab India	1.32%
<b>Finance</b>	<b>8.85%</b>	Graphite India	0.63%
Mas Financial Services	2.56%	Bharat Forge	0.61%
ICICI Securities	2.21%	<b>Transportation</b>	<b>2.45%</b>
ICICI Lombard General Insurance Company	1.99%	VRL Logistics	1.62%
M&M Financial Services	1.15%	Future Supply Chain Solutions	0.83%
Magma Fincorp	0.60%	<b>Textile Products</b>	<b>2.41%</b>
BSE	0.35%	K.P.R. Mill	1.04%
<b>Retailing</b>	<b>7.16%</b>	Raymond	0.96%
Future Retail	3.17%	Dollar Industries	0.41%
Aditya Birla Fashion and Retail	1.52%	<b>Gas</b>	<b>2.13%</b>
V-Mart Retail	1.32%	Gujarat Gas	2.13%
Future Lifestyle Fashions	1.16%	<b>Textiles - Cotton</b>	<b>2.01%</b>
<b>Consumer Durables</b>	<b>6.09%</b>	Vardhman Textiles	1.61%
Voltas	2.16%	Nitin Spinners	0.40%
Crompton Greaves Consumer Electricals	1.87%	<b>Industrial Capital Goods</b>	<b>1.74%</b>
Greenply Industries	1.25%	Bharat Electronics	0.99%
Greenpanel Industries	0.46%	Lakshmi Machine Works	0.38%
Butterfly Gandhimathi Appliances	0.36%	Skipper	0.22%
<b>Software</b>	<b>4.46%</b>	CG Power and Industrial Solutions	0.15%
Birlasoft	1.25%	<b>Petroleum Products</b>	<b>1.49%</b>
Persistent Systems	1.21%	Hindustan Petroleum Corporation	1.49%
Cyient	1.03%	<b>Media &amp; Entertainment</b>	<b>0.20%</b>
KPIT Technologies	0.96%	Entertainment Network (India)	0.20%
<b>Pharmaceuticals</b>	<b>4.28%</b>	<b>Net Cash and Cash Equivalent</b>	<b>2.57%</b>
IPCA Laboratories	2.56%	<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.

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