



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 equity markets witnessed a sharp rebound from four year lows in March. The RBI announced a slew of measures in mid-April to counter the ensuing economic downturn from COVID-19 with the Governor reinforcing the notion that the RBI will do “whatever it takes”. After hitting a low of 7,610 on 23rd Mar’20, the Nifty bounced back more than 29% from its lows. The April up move in the markets may not last given the ground realities – stagnant earnings, at best for FY21 and valuations at long term average. With companies continuing to report numbers for March ended fiscal FY20, estimates for the coming year could get further downgraded. Clearly, while looking at companies, FY22 will be the year of reckoning rather than FY21. This could easily make the earnings season till December’20, a “hotspot” of volatility. To “contain” these “hotspots”, markets expects a regular dose of Government Stimuli packages aimed at different strata of societies and businesses; an agile and able administration at the ground level and more holistic planning at the Centre.

FUND FEATURES:

Category: Value

Monthly Avg AUM: ₹2,023.39 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: 1.01

R Square: 0.94

Standard Deviation (Annualized): 26.90%

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
	18-Feb-16	1.38	23.2025
	17-Mar-10	1.31	18.6235
DIRECT	17-Mar-10	1.37	19.3894
	16-Mar-21	1.50	16.3433
	15-Mar-16	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.

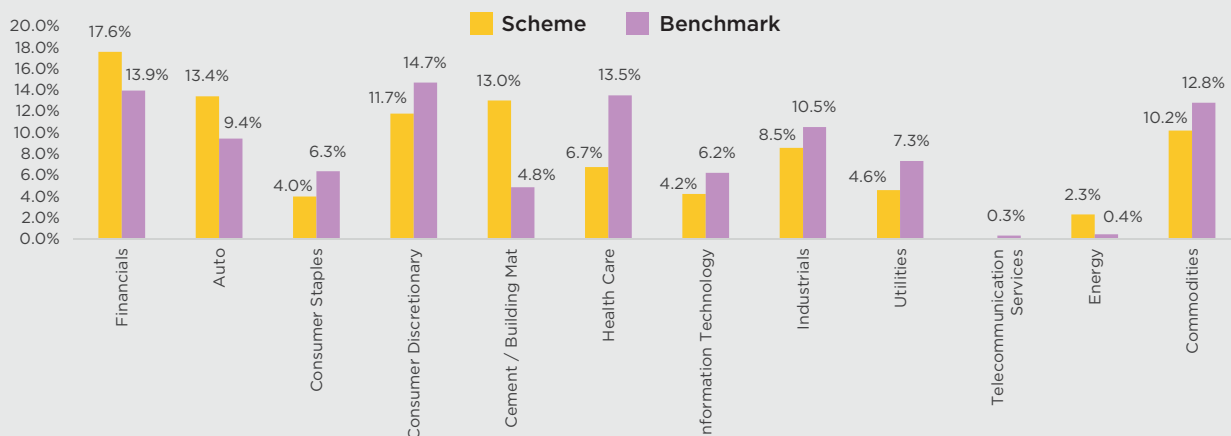
*The allocation mentioned above is as per current strategy and market conditions; this is however subject to change without notice.

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
Equity and Equity related Instruments	96.07%	Cyient	0.74%
Auto Ancillaries	11.71%	Consumer Non Durables	4.16%
MRF	2.78%	Tata Consumer Products	1.53%
Exide Industries	2.02%	Procter & Gamble Hygiene and Health Care	1.31%
Minda Industries	1.91%	Emami	1.12%
Asahi India Glass	1.09%	HBL Power Systems	0.20%
WABCO India	1.06%	Chemicals	3.72%
Wheels India	1.06%	Deepak Nitrite	3.72%
Tube Investments of India	1.03%	Construction Project	3.49%
Igarashi Motors India	0.43%	KEC International	2.42%
Sterling Tools	0.33%	NCC	1.08%
Cement	9.99%	Industrial Products	3.29%
JK Cement	3.05%	Bharat Forge	1.24%
The Ramco Cements	2.59%	Polycab India	1.23%
ACC	2.17%	Graphite India	0.81%
Prism Johnson	0.96%	Ferrous Metals	3.12%
Dalmia Bharat	0.85%	Jindal Steel & Power	1.83%
Sagar Cements	0.36%	Maharashtra Seamless	0.87%
Banks	9.11%	Kirloskar Ferrous Industries	0.42%
ICICI Bank	3.84%	Power	2.92%
Axis Bank	3.36%	CESC	1.30%
RBL Bank	1.18%	Kalpataru Power Transmission	1.10%
The Federal Bank	0.72%	Nava Bharat Ventures	0.52%
Finance	8.45%	Gas	2.74%
ICICI Lombard General Insurance Company	2.85%	Gujarat Gas	2.74%
ICICI Securities	2.33%	Petroleum Products	2.28%
Mas Financial Services	2.08%	Hindustan Petroleum Corporation	2.28%
M&M Financial Services	0.84%	Hotels, Resorts And Other Recreational Activities	2.21%
Magma Fincorp	0.36%	The Indian Hotels Company	1.66%
Pharmaceuticals	6.74%	EIH	0.56%
IPCA Laboratories	3.90%	Transportation	1.97%
Aurobindo Pharma	2.16%	VRL Logistics	1.58%
Dishman Carbogen Amcis	0.68%	Future Supply Chain Solutions	0.38%
Consumer Durables	6.33%	Textiles - Cotton	1.79%
Voltas	2.21%	Vardhman Textiles	1.41%
Crompton Greaves Consumer Electricals	2.04%	Nitin Spinners	0.38%
Greenply Industries	1.38%	Industrial Capital Goods	1.77%
Greenpanel Industries	0.38%	Bharat Electronics	1.33%
Butterfly Gandhimathi Appliances	0.31%	CG Power and Industrial Solutions	0.23%
Retailing	4.34%	Skipper	0.21%
V-Mart Retail	1.43%	Textile Products	1.55%
Future Retail	1.22%	K.P.R. Mill	1.13%
Aditya Birla Fashion and Retail	0.99%	Dollar Industries	0.42%
Future Lifestyle Fashions	0.71%	Media & Entertainment	0.20%
Software	4.20%	Entertainment Network (India)	0.20%
Birlasoft	1.41%	Net Cash and Cash Equivalent	3.93%
Persistent Systems	1.13%	Grand Total	100.00%
KPIT Technologies	0.93%		



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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