



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 been broad-based with broader markets outperforming the Nifty 50, first time after 2 years. Since the bottom in March, the Small Cap Index has moved up significantly higher than the Large and Mid Cap indices.

Going forward, given uncertainty on the duration and severity of the pandemic, economic recovery in FY22 remains uncertain. This is also reflected in the earnings estimates across sectors. The speed of catchup in earnings to FY20 levels will be the key factor that will be tracked by markets. On the other hand, the move from Mar'20 till now has seen a long stretch of the market upmove, with only one correction, which has happened quite early in the bull market. Investors should be ready for a correction and use it to their advantage.

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

Category: Value

Monthly Avg AUM: ₹2,616.95 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): 28.75%

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.

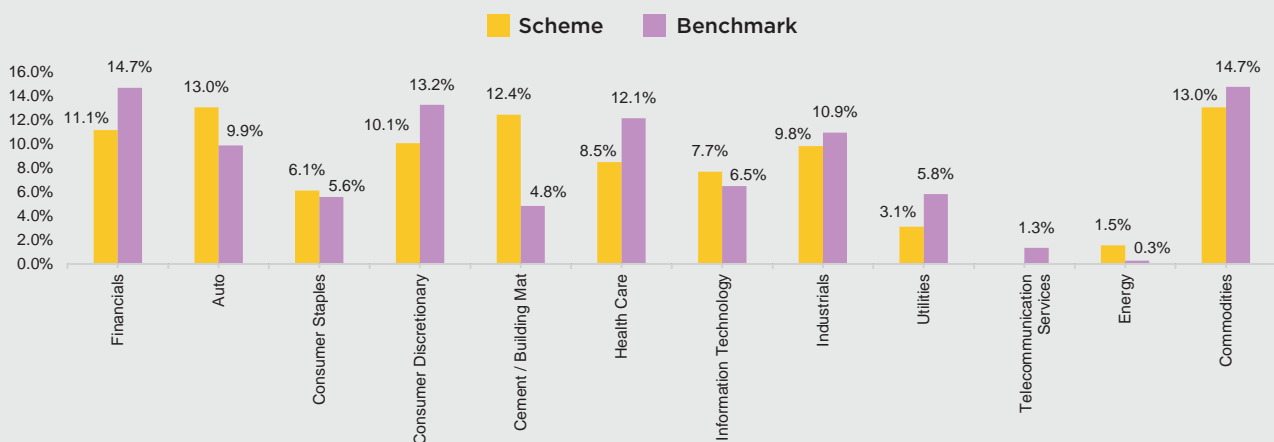
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

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 | 96.47% | Deepak Nitrite | 4.22% |
| Auto Ancillaries | 10.83% | Banks | 4.07% |
| MRF | 2.38% | ICICI Bank | 2.97% |
| Minda Industries | 2.01% | RBL Bank | 1.10% |
| Bosch | 1.67% | Ferrous Metals | 3.59% |
| Exide Industries | 1.25% | Jindal Steel & Power | 2.20% |
| Tube Investments of India | 1.15% | Maharashtra Seamless | 0.76% |
| Wheels India | 1.04% | Kirloskar Ferrous Industries | 0.62% |
| Asahi India Glass | 0.97% | Industrial Products | 3.48% |
| Sterling Tools | 0.36% | Bharat Forge | 1.57% |
| Cement | 9.77% | Polycab India | 1.12% |
| JK Cement | 3.10% | Graphite India | 0.78% |
| The Ramco Cements | 2.87% | Gas | 2.46% |
| ACC | 2.12% | Gujarat Gas | 2.46% |
| Prism Johnson | 1.16% | Industrial Capital Goods | 2.38% |
| Sagar Cements | 0.52% | Bharat Electronics | 1.46% |
| Pharmaceuticals | 8.48% | CG Power and Industrial Solutions | 0.58% |
| IPCA Laboratories | 4.12% | Skipper | 0.34% |
| Aurobindo Pharma | 2.27% | Hotels/ Resorts and Other | 0.50% |
| Alembic Pharmaceuticals | 1.07% | Recreational Activities | 2.20% |
| Dishman Carbogen Amcis | 1.01% | The Indian Hotels Company | 1.70% |
| Software | 7.68% | EIH | 0.50% |
| Birlasoft | 2.75% | Retailing | 2.18% |
| Persistent Systems | 2.30% | V-Mart Retail | 1.35% |
| KPIT Technologies | 1.49% | Aditya Birla Fashion and Retail | 0.82% |
| Infosys | 1.15% | Pesticides | 1.89% |
| Finance | 7.07% | PI Industries | 1.02% |
| ICICI Lombard General Insurance Company | 2.22% | Rallis India | 0.87% |
| ICICI Securities | 2.20% | Textiles - Cotton | 1.85% |
| Mas Financial Services | 2.13% | Vardhman Textiles | 1.48% |
| Magma Fincorp | 0.52% | Nitin Spinners | 0.38% |
| Consumer Durables | 6.71% | Textile Products | 1.71% |
| Voltas | 2.33% | K.P.R. Mill | 1.34% |
| Crompton Greaves Consumer Electricals | 2.06% | Dollar Industries | 0.37% |
| Greenply Industries | 0.96% | Power | 1.69% |
| Butterfly Gandhimathi Appliances | 0.77% | Kalpataru Power Transmission | 1.04% |
| Greenpanel Industries | 0.59% | Nava Bharat Ventures | 0.65% |
| Consumer Non Durables | 6.10% | Petroleum Products | 1.54% |
| Emami | 2.27% | Bharat Petroleum Corporation | 1.54% |
| Radico Khaitan | 1.85% | Transportation | 1.45% |
| Tata Consumer Products | 1.81% | VRL Logistics | 1.45% |
| Procter & Gamble Hygiene and Health Care | 0.17% | Media & Entertainment | 0.18% |
| Construction Project | 4.95% | Entertainment Network (India) | 0.18% |
| KEC International | 3.52% | Net Cash and Cash Equivalent | 3.53% |
| NCC | 1.42% | Grand Total | 100.00% |
| Chemicals | 4.22% | | |



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.