



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 equities continued their upward momentum in August following the trend in global markets, even as India continues to see a sharp increase in daily new Covid-19 cases. In August and over the last 3-month basis, Small Caps significantly outperformed Mid and Large Caps. Since the bottom in March-20, Large, Mid and Small Caps have bounced 50%, 52% and 66% respectively.

Going forward, the pace of economic recovery would depend largely on the extent of local lockdowns on account of spread of Covid-19. Markets seems to have run ahead of fundamentals and are less than 10% lower than all-time highs. Global and domestic liquidity seems to have played a significant part in the sharp up move seen in the markets. Investors should tread with caution as the number of cases and deaths in India continue to rise. Also, earnings uncertainty for FY21 is fairly high with a wide range of analyst estimates.

FUND FEATURES: (Data as on 31st August'20)
Category: Value
Monthly Avg AUM: ₹2,577.05 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): 28.74%
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.

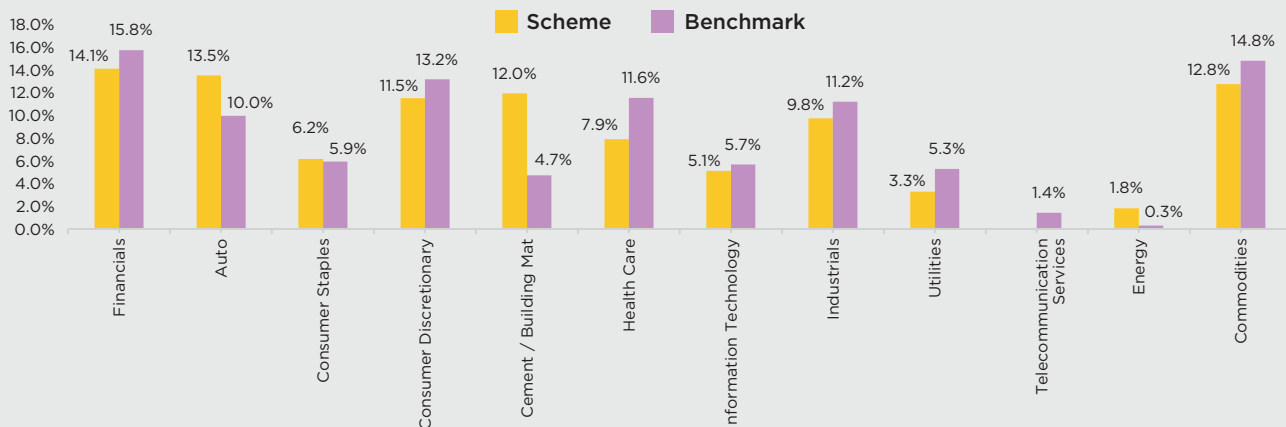
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

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	98.12%	KEC International	3.27%
Auto Ancillaries	11.25%	NCC	1.23%
MRF	2.31%	Ferrous Metals	4.25%
Minda Industries	1.81%	Jindal Steel & Power	2.88%
Exide Industries	1.50%	Maharashtra Seamless	0.79%
Tube Investments of India	1.23%	Kirloskar Ferrous Industries	0.57%
Wheels India	1.05%	Retailing	3.98%
Asahi India Glass	1.03%	V-Mart Retail	1.31%
WABCO India	0.98%	Future Retail	1.23%
Bosch	0.97%	Aditya Birla Fashion and Retail	0.86%
Sterling Tools	0.36%	Future Lifestyle Fashions	0.57%
Cement	9.16%	Industrial Products	3.67%
JK Cement	3.06%	Bharat Forge	1.73%
The Ramco Cements	2.63%	Polycab India	1.22%
ACC	1.91%	Graphite India	0.72%
Prism Johnson	1.08%	Chemicals	3.51%
Sagar Cements	0.48%	Deepak Nitrite	3.51%
Pharmaceuticals	7.92%	Gas	2.60%
IPCA Laboratories	3.59%	Gujarat Gas	2.60%
Aurobindo Pharma	2.31%	Industrial Capital Goods	2.48%
Dishman Carbogen Amcis	1.14%	Bharat Electronics	1.61%
Alembic Pharmaceuticals	0.89%	CG Power and Industrial Solutions	0.54%
Finance	7.20%	Skipper	0.32%
ICICI Securities	2.27%	Hotels, Resorts And Other Recreational Activities	2.39%
Mas Financial Services	2.19%	The Indian Hotels Company	1.85%
ICICI Lombard General Insurance Company	2.15%	EIH	0.53%
Magma Fincorp	0.59%	Textiles - Cotton	1.92%
Banks	6.94%	Vardhman Textiles	1.53%
ICICI Bank	3.60%	Nitin Spinners	0.39%
Axis Bank	2.08%	Pesticides	1.84%
RBL Bank	1.27%	PI Industries	0.95%
Consumer Non Durables	6.17%	Rallis India	0.89%
Emami	2.31%	Petroleum Products	1.84%
Tata Consumer Products	1.92%	Hindustan Petroleum Corporation	1.84%
Radico Khaitan	1.68%	Power	1.81%
Procter & Gamble Hygiene and Health Care	0.27%	Kalpataru Power Transmission	1.11%
Consumer Durables	6.17%	Nava Bharat Ventures	0.70%
Voltas	2.17%	Transportation	1.69%
Crompton Greaves Consumer Electricals	1.91%	VRL Logistics	1.31%
Greenply Industries	1.01%	Future Supply Chain Solutions	0.38%
Greenpanel Industries	0.56%	Textile Products	1.51%
Butterfly Gandhimathi Appliances	0.52%	K.P.R. Mill	1.13%
Software	5.15%	Dollar Industries	0.38%
Birlasoft	2.26%	Media & Entertainment	0.19%
Persistent Systems	1.64%	Entertainment Network (India)	0.19%
KPIT Technologies	1.25%	Net Cash and Cash Equivalent	1.88%
Construction Project	4.50%	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.