



## IDFC STERLING VALUE FUND

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

Past market trends have shown that valuations by themselves may not lead to a correction, however, investor expectations of earnings growth if not met, have a bigger impact on the burden of high valuations and trigger stock market corrections. While, a few macro events dominate debate today - Inflation, commodity prices uptrend and US 10-year yields, earnings should be the key focus for investors going forward.

As investors, be ready for a drop in EBITDA margins, which touched an all-time high in December 2020 quarter. The unsustainability of the previous quarter margins is a given. What will matter, if sales growth builds on the foundation of 9 months FY 21. Managements will try to shift investor focus from margin to absolute growth at EBDITA and PAT levels. Thankfully, low base effect of last year's March and June quarters builds an easy base for the y-o-y comparison. Operational costs cut effected last year will also be watched with keen interest, were the savings of FY 21 structural or just tactical?

Lastly, the pace of vaccination, currently a shade below 6.5% of adults in India (those having taken the initial jab). The speed with which we cross 25%/33%/50% levels of successfully vaccinating the adult population, may have a direct bearing on how further will our economic trajectory be 7%/9%/11%!

**FUND FEATURES:** (Data as on 31st March'21)  
**Category:** Value  
**Monthly Avg AUM:** ₹3,220.23 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:** 1.05  
**R Square:** 0.97  
**Standard Deviation (Annualized):** 30.59%  
**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, IDCW® (Payout, Reinvestment and Sweep (from Equity Schemes to Debt Schemes only))

PLAN	IDCW® 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  
 Income Distribution cum capital withdrawal is not guaranteed and past performance may or may not be sustained in future. Pursuant to payment of Income Distribution cum capital withdrawal, the NAV of the scheme would fall to the extent of payout and statutory levy (as applicable).  
 ®Income Distribution cum capital withdrawal

Ratios calculated on the basis of 3 years history of monthly data.

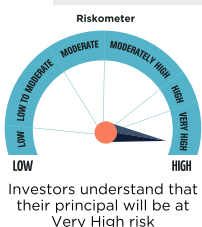
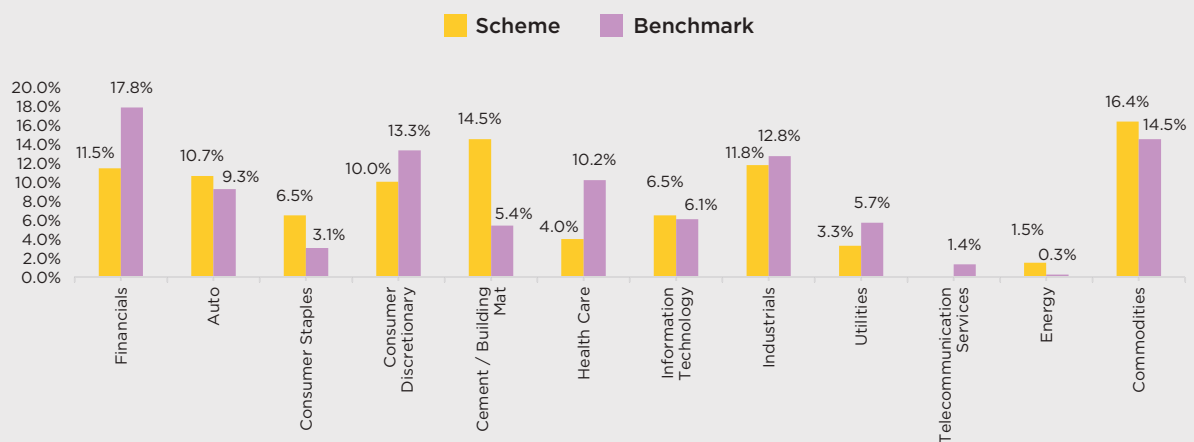
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

**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
<b>Equity and Equity related Instruments</b>	<b>96.81%</b>	Kirloskar Ferrous Industries	1.00%
<b>Cement &amp; Cement Products</b>	<b>9.81%</b>	Maharashtra Seamless	0.82%
JK Cement	3.37%	<b>Power</b>	<b>4.24%</b>
The Ramco Cements	2.19%	KEC International	3.01%
Prism Johnson	2.04%	Kalpataru Power Transmission	1.23%
ACC	1.54%	<b>Pharmaceuticals</b>	<b>4.04%</b>
Sagar Cements	0.67%	Aurobindo Pharma	1.92%
<b>Consumer Durables</b>	<b>9.33%</b>	IPCA Laboratories	1.07%
Voltas	2.50%	Alembic Pharmaceuticals	0.92%
Crompton Greaves Consumer Electricals	1.77%	Dishman Carbogen Amcis	0.13%
Greenpanel Industries	1.55%	<b>Gas</b>	<b>3.34%</b>
Greenply Industries	1.44%	Gujarat Gas	3.34%
Butterfly Gandhimathi Appliances	1.21%	<b>Finance</b>	<b>3.30%</b>
Mayur Uniquoters	0.86%	Mas Financial Services	1.86%
<b>Auto Ancillaries</b>	<b>7.81%</b>	Magma Fincorp	1.44%
Minda Industries	2.53%	<b>Construction Project</b>	<b>2.71%</b>
Bosch	1.93%	NCC	2.71%
Tube Investments of India	1.56%	<b>Leisure Services</b>	<b>2.48%</b>
Wheels India	0.95%	The Indian Hotels Company	1.62%
MRF	0.52%	EIH	0.86%
Sterling Tools	0.29%	<b>Textiles - Cotton</b>	<b>2.44%</b>
WABCO India	0.02%	Vardhman Textiles	1.96%
<b>Software</b>	<b>6.53%</b>	Nitin Spinners	0.48%
Birlasoft	2.45%	<b>Textile Products</b>	<b>2.07%</b>
Persistent Systems	1.68%	K.P.R. Mill	1.56%
HCL Technologies	1.30%	Dollar Industries	0.50%
KPIT Technologies	1.11%	<b>Transportation</b>	<b>1.76%</b>
<b>Consumer Non Durables</b>	<b>6.52%</b>	VRL Logistics	1.76%
Emami	2.58%	<b>Industrial Capital Goods</b>	<b>1.70%</b>
Radico Khaitan	2.05%	CG Power and Industrial Solutions	1.33%
Tata Consumer Products	1.89%	Skipper	0.36%
<b>Industrial Products</b>	<b>5.81%</b>	<b>Retailing</b>	<b>1.56%</b>
Graphite India	2.23%	V-Mart Retail	1.56%
Bharat Forge	1.86%	<b>Petroleum Products</b>	<b>1.53%</b>
Polycab India	1.72%	Bharat Petroleum Corporation	1.53%
<b>Banks</b>	<b>5.42%</b>	<b>Insurance</b>	<b>1.43%</b>
ICICI Bank	3.99%	ICICI Lombard General Insurance Company	1.43%
RBL Bank	1.42%	<b>Aerospace &amp; Defense</b>	<b>1.40%</b>
<b>Chemicals</b>	<b>5.24%</b>	Bharat Electronics	1.40%
Deepak Nitrite	4.65%	<b>Capital Markets</b>	<b>1.31%</b>
SRF	0.60%	ICICI Securities	1.31%
<b>Ferrous Metals</b>	<b>5.03%</b>	<b>Net Cash and Cash Equivalent</b>	<b>3.19%</b>
Jindal Steel & Power	3.21%	<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.