



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

The S&P BSE Sensex Index and Nifty 50 Index ended the roller-coaster ride of the month almost flat (0.3%) in July. Mid and Small caps were up 3% and 8%, respectively; outperforming Large caps in July.

Earnings growth for Q1 FY22 also commenced. The earnings' results so far has depicted mixed trends - reflecting increasing margin pressure, moderation in top-line momentum, and an increase in retail NPAs for some banks. Moreover, the ongoing earnings season reflects a few key trends:

- i. The momentum of activity visible in the Jan-Mar 2021 quarter stalled during the Apr-Jun 2021 quarter due to the 2nd wave of the pandemic.
- ii. Management commentary post-Apr-Jun 2021 quarter is more muted about the near term, as worries of a 3rd wave and its impact on business continuity remains an open question.
- iii. The cycle of upgrades witnessed from the Sep 2020 quarter will take a breather with the current quarter. Earnings for FY22 will be marginally downgraded, while earnings for FY23 remain unimpacted.

While, we believe there are few headwinds which could provide near term break to growth in the form of rising fears of Covid-19 third wave and associated slow pace of unlocking of economy in progress.

FUND FEATURES: (Data as on 31st July'21)

Category: Value

Monthly Avg AUM: ₹3,870.35 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: 1.07

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.

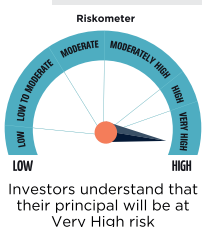
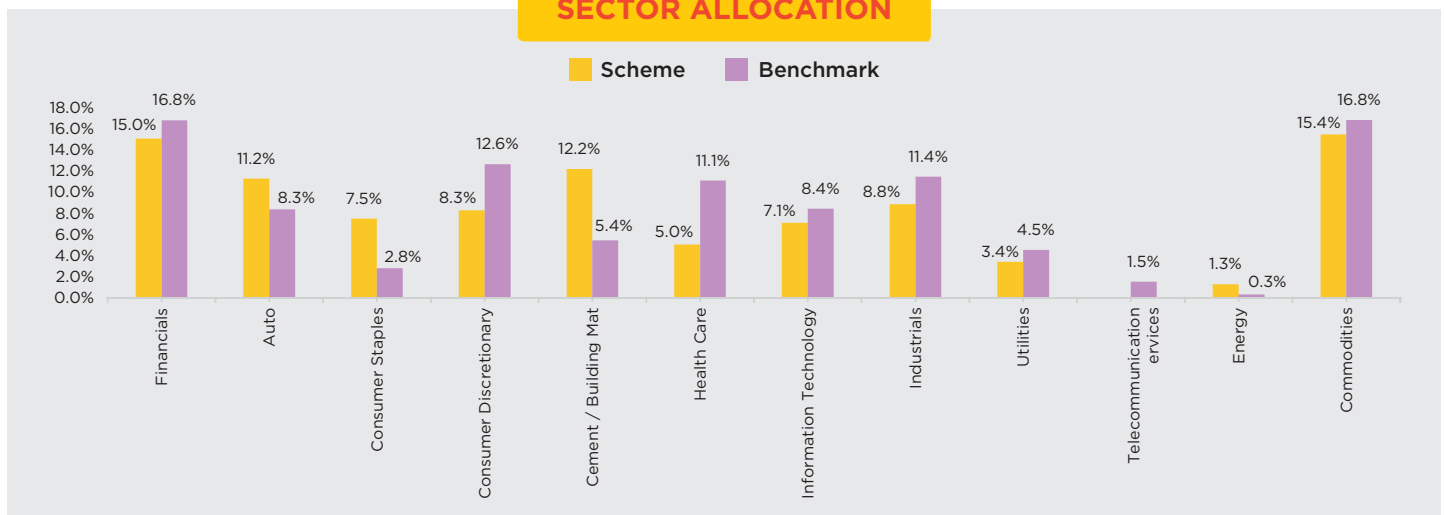
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

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
Equity and Equity related Instruments	95.17%	Alembic Pharmaceuticals	0.64%
Banks	8.71%	Laurus Labs	0.03%
ICICI Bank	3.94%	Ferrous Metals	4.67%
Axis Bank	1.87%	Jindal Steel & Power	2.98%
State Bank of India	1.84%	Kirloskar Ferrous Industries	1.10%
RBL Bank	1.06%	Maharashtra Seamless	0.59%
Consumer Non Durables	8.17%	Chemicals	4.45%
Radico Khaitan	2.60%	Deepak Nitrite	3.58%
Emami	2.38%	SRF	0.87%
Tata Consumer Products	1.80%	Power	3.59%
Godrej Consumer Products	0.72%	KEC International	2.46%
Avanti Feeds	0.66%	Kalpataru Power Transmission	1.12%
Cement & Cement Products	7.63%	Gas	3.32%
JK Cement	2.66%	Gujarat Gas	3.32%
The Ramco Cements	1.92%	Finance	3.26%
Ambuja Cements	1.24%	Magma Fincorp	1.83%
Sagar Cements	0.99%	Mas Financial Services	1.43%
Prism Johnson	0.83%	Leisure Services	2.75%
Software	7.14%	The Indian Hotels Company	1.78%
HCL Technologies	2.06%	EIH	0.96%
Birlasoft	2.01%	Insurance	2.43%
Persistent Systems	1.66%	SBI Life Insurance Company	1.32%
Zensar Technologies	1.25%	ICICI Lombard General Insurance Company	1.11%
KPIT Technologies	0.16%	Construction Project	2.33%
Auto Ancillaries	7.12%	NCC	2.33%
Minda Industries	2.61%	Textile Products	2.02%
Wheels India	1.77%	K.P.R. Mill	1.70%
Bosch	1.75%	Dollar Industries	0.32%
Tube Investments of India	0.98%	Textiles - Cotton	1.87%
Consumer Durables	7.02%	Vardhman Textiles	1.87%
Voltas	2.12%	Transportation	1.75%
Greenpanel Industries	1.77%	VRL Logistics	1.75%
Butterfly Gandhimathi Appliances	1.21%	Retailing	1.75%
Greenply Industries	0.97%	V-Mart Retail	1.75%
Mayur Uniquoters	0.89%	Petroleum Products	1.28%
Crompton Greaves Consumer Electricals	0.06%	Bharat Petroleum Corporation	1.28%
Industrial Products	5.87%	Industrial Capital Goods	1.22%
Graphite India	2.26%	CG Power and Industrial Solutions	1.22%
Bharat Forge	1.94%	Auto	1.03%
Polycab India	1.67%	Tata Motors	1.03%
Pharmaceuticals	5.07%	Capital Markets	0.73%
Cipla	1.85%	ICICI Securities	0.73%
Aurobindo Pharma	1.61%	Net Cash and Cash Equivalent	4.83%
IPCA Laboratories	0.95%	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.