



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

Equity markets celebrated a “non-taxing” budget, with Nifty crossing the 15,000 mark. With reports of a Covid “tax/cess” gaining ground a week before the presentation of the Union Budget, markets heaved a big sigh of relief and thanks to the Finance Minister, when the Budget focused on correcting fiscal math by including off balance sheet items and forecasting modest revenue collection. The focus on infrastructure spending, also boosted investor sentiments. Also, the government seems committed on reforms like strategic disinvestment including PSU banks, higher FDI in insurance, etc.

For equities, result season, local as well as global, does point to a V shaped earnings recovery. Over 70% of the Nifty companies to have reported earnings in Jan’21 have beaten estimates, a similar trend was evident in the result season across US, Europe and Japan. With most stocks trading above 1x SD (Std Deviation) of their last 5 years average P/E multiples, market is not cheap. Such elevated levels make the market more dependent on liquidity and strong earnings growth (as compared to the situation post Apr’20) to sustain and move forward.

FUND FEATURES: (Data as on 31st January’21)
Category: Value
Monthly Avg AUM: ₹2,988.88 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: 1.04
R Square: 0.96
Standard Deviation (Annualized): 29.73%
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.

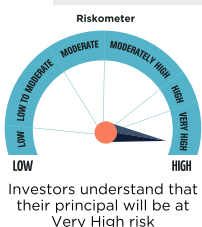
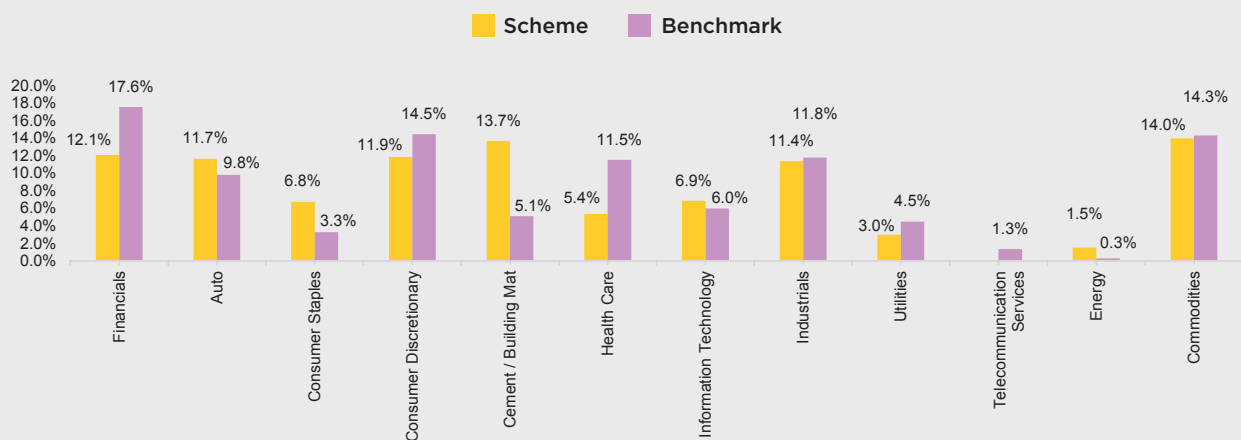
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

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	98.27%	NCC	2.29%
Consumer Durables	9.09%	Pharmaceuticals	5.36%
Voltas	2.62%	Aurobindo Pharma	2.37%
Crompton Greaves Consumer Electricals	2.17%	IPCA Laboratories	1.46%
Greenpanel Industries	1.81%	Alembic Pharmaceuticals	1.00%
Butterfly Gandhimathi Appliances	1.25%	Dishman Carbogen Amcis	0.54%
Greenply Industries	1.24%	Ferrous Metals	4.65%
Cement	8.92%	Jindal Steel & Power	2.74%
JK Cement	2.98%	Kirloskar Ferrous Industries	0.98%
The Ramco Cements	1.91%	Maharashtra Seamless	0.93%
Prism Johnson	1.75%	Chemicals	3.67%
ACC	1.68%	Deepak Nitrite	3.67%
Sagar Cements	0.60%	Industrial Capital Goods	3.10%
Auto Ancillaries	8.69%	Bharat Electronics	1.82%
Minda Industries	2.42%	CG Power and Industrial Solutions	0.89%
Bosch	2.36%	Skipper	0.40%
MRF	1.25%	Hotels/ Resorts and Other Recreational Activities	2.87%
Tube Investments of India	1.20%	The Indian Hotels Company	2.00%
Wheels India	1.11%	Elh	0.88%
Sterling Tools	0.36%	Gas	2.52%
Software	6.86%	Gujarat Gas	2.52%
Birlasoft	2.71%	Textiles - Cotton	2.50%
Persistent Systems	1.70%	Vardhman Textiles	1.77%
HCL Technologies	1.28%	Nitin Spinners	0.73%
KPIT Technologies	1.17%	Retailing	2.42%
Consumer Non Durables	6.78%	V-Mart Retail	1.54%
Emami	2.87%	Aditya Birla Fashion and Retail	0.88%
Radico Khaitan	2.05%	Textile Products	2.05%
Tata Consumer Products	1.86%	K.P.R. Mill	1.50%
Finance	6.41%	Dollar Industries	0.55%
Mas Financial Services	2.14%	Power	1.67%
ICICI Lombard General Insurance Company	1.84%	Kalpataru Power Transmission	1.20%
ICICI Securities	1.78%	Nava Bharat Ventures	0.47%
Magma Fincorp	0.66%	Transportation	1.63%
Industrial Products	5.84%	VRL Logistics	1.63%
Bharat Forge	1.99%	Petroleum Products	1.54%
Polycab India	1.71%	Bharat Petroleum Corporation	1.54%
Graphite India	1.48%	Pesticides	0.51%
SRF	0.66%	Rallis India	0.51%
Banks	5.70%	Media & Entertainment	0.01%
ICICI Bank	4.13%	Entertainment Network (India)	0.01%
RBL Bank	1.57%	Net Cash and Cash Equivalent	1.73%
Construction Project	5.46%	Grand Total	100.00%
KEC International	3.17%		



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.