



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

- With the spread of the pandemic and the lockdown during Q1 FY21, earnings for the year FY21 were sharply downgraded.
- However, the swifter than expected economic recovery led to a more robust Q2 FY21.
- Upgrades exceeded downgrades 3x, a rarity, after years of earnings disappointment.
- FY21 estimates, quickly rebounded from negative to positive territory, despite the Q1 debacle.
- The fall during Mar'20 lasted less than 35 trading days, erasing between 36-43% across the indices – Large, Mid and Small Caps. Supportive action from Central Banks was quicker.
- As investors searched for stable earnings, rotation from one sector to another, as exhibited from Apr-Dec'20 phase was evident.
- Staples after outperforming in Mar-Apr, have underperformed since then. Pharma and IT services outperformed during May-Sept; Banks/NBFC, after underperforming from Mar-Sept,20; outperformed during Oct-Dec'20.
- After the debacle of Mar'20, Small caps outshone the rest of the market – for the first time since CY17.
- If economic recovery is robust and RBI does not move aggressively into high real interest zone, Small caps could benefit the most.

FUND FEATURES: (Data as on 31st December'20)
Category: Value
Monthly Avg AUM: ₹2,950.49 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.

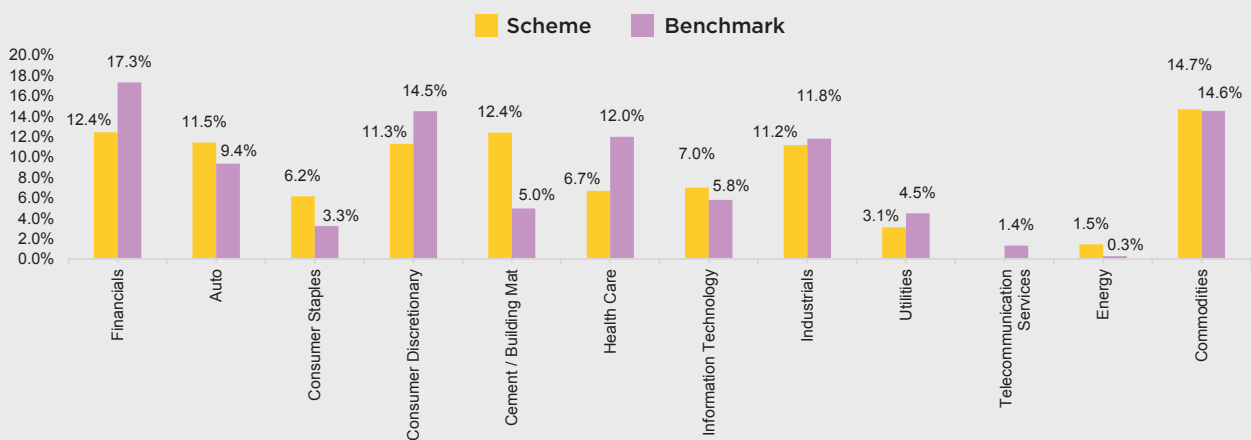
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

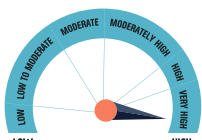
Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	98.15%	Industrial Products	5.19%
Auto Ancillaries	8.83%	Bharat Forge	1.73%
Minda Industries	2.16%	Polycab India	1.40%
MRF	2.05%	Graphite India	1.39%
Bosch	1.91%	SRF	0.67%
Tube Investments of India	1.26%	Ferrous Metals	4.80%
Wheels India	1.09%	Jindal Steel & Power	2.89%
Sterling Tools	0.35%	Maharashtra Seamless	1.01%
Cement	8.53%	Kirloskar Ferrous Industries	0.90%
JK Cement	2.66%	Chemicals	3.83%
The Ramco Cements	2.00%	Deepak Nitrite	3.83%
ACC	1.64%	Industrial Capital Goods	3.00%
Prism Johnson	1.64%	Bharat Electronics	1.62%
Sagar Cements	0.59%	CG Power and Industrial Solutions	0.97%
Consumer Durables	8.05%	Skipper	0.40%
Voltas	2.52%	Hotels/ Resorts and Other	
Crompton Greaves Consumer Electricals	1.93%	Recreational Activities	2.58%
Greenpanel Industries	1.32%	The Indian Hotels Company	1.91%
Greenply Industries	1.18%	EIH	0.67%
Butterfly Gandhimathi Appliances	1.10%	Gas	2.55%
Software	7.04%	Gujarat Gas	2.55%
Birlasoft	2.84%	Retailing	2.47%
Persistent Systems	1.88%	V-Mart Retail	1.55%
KPIT Technologies	1.20%	Aditya Birla Fashion and Retail	0.92%
HCL Technologies	1.12%	Textiles - Cotton	2.40%
Finance	6.86%	Vardhman Textiles	1.78%
Mas Financial Services	2.17%	Nitin Spinners	0.62%
ICICI Lombard General Insurance Company	2.16%	Textile Products	1.96%
ICICI Securities	1.96%	K.P.R. Mill	1.40%
Magma Fincorp	0.57%	Dollar Industries	0.57%
Pharmaceuticals	6.70%	Power	1.78%
IPCA Laboratories	2.67%	Kalpataru Power Transmission	1.18%
Aurobindo Pharma	2.34%	Nava Bharat Ventures	0.59%
Alembic Pharmaceuticals	1.05%	Transportation	1.65%
Dishman Carbogen Amcis	0.64%	VRL Logistics	1.65%
Consumer Non Durables	6.20%	Petroleum Products	1.48%
Emami	2.44%	Bharat Petroleum Corporation	1.48%
Tata Consumer Products	1.90%	Pesticides	1.13%
Radico Khaitan	1.86%	Rallis India	0.76%
Banks	5.59%	PI Industries	0.37%
ICICI Bank	3.99%	Media & Entertainment	0.16%
RBL Bank	1.60%	Entertainment Network (India)	0.16%
Construction Project	5.37%	Net Cash and Cash Equivalent	1.85%
KEC International	3.20%		
NCC	2.17%	Grand Total	100.00%



SECTOR ALLOCATION



Riskometer



Investors understand that their principal will be at Very High risk

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.