



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 severity of the second wave has taken most by surprise, especially after the hubris of having “tamed” the virus which was prevalent during Jan/Feb 2021 period. Markets, however, continued to chug along, almost unconcerned. The positive outcome of the March 2021 quarterly results was overshadowed by muted outlook for Q1FY21 in most management commentaries.

In FY21, earnings and sales growth of the organized players were not negatively impacted during the last fiscal. The same could be the case going ahead in FY22.

Moreover, a few positives also need to be highlighted – forecast of a normal monsoon, exports as an emerging growth opportunity for Indian corporate sector; a weakened unorganized sector/ imports restrictions have provided organized (listed) players an opportunity to grab market share gains; a deleveraged balance sheet of the Corporate sector & a well-capitalized Banking system.

The pace of vaccination and a return to normalcy will hold the key for economic growth to remain above the forecasted trend line. Moreover, performance going forward shall be a function of supply catching up with growing demand and progress in vaccine inoculations in the Emerging market countries.

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

Category: Value

Monthly Avg AUM: ₹3,465.44 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: 1.06

R Square: 0.97

Standard Deviation (Annualized): 30.57%

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.

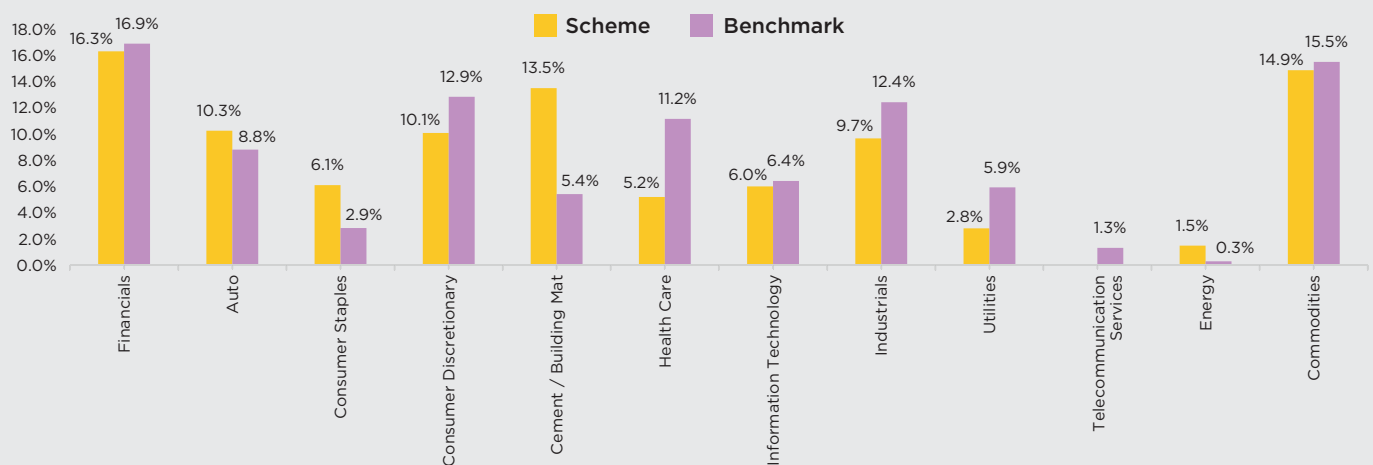
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

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

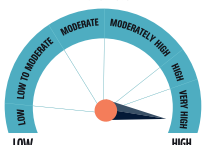
Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	96.40%	Ferrous Metals	4.39%
Banks	9.52%	Jindal Steel & Power	2.49%
ICICI Bank	4.23%	Kirloskar Ferrous Industries	1.12%
State Bank of India	2.00%	Maharashtra Seamless	0.78%
Axis Bank	1.98%	Chemicals	4.34%
RBL Bank	1.31%	Deepak Nitrite	3.62%
Consumer Durables	9.35%	SRF	0.72%
Voltas	2.24%	Power	3.83%
Greenpanel Industries	1.96%	KEC International	2.65%
Crompton Greaves Consumer Electricals	1.60%	Kalpataru Power Transmission	1.18%
Greenply Industries	1.33%	Finance	3.40%
Butterfly Gandhimathi Appliances	1.33%	Mas Financial Services	1.81%
Mayur Uniquoters	0.88%	Magma Fincorp	1.59%
Cement & Cement Products	8.49%	Leisure Services	2.94%
JK Cement	2.93%	The Indian Hotels Company	1.90%
The Ramco Cements	1.88%	EIH	1.04%
Prism Johnson	1.75%	Gas	2.83%
ACC	1.21%	Gujarat Gas	2.83%
Sagar Cements	0.73%	Insurance	2.64%
Auto Ancillaries	7.25%	SBI Life Insurance Company	1.30%
Minda Industries	2.52%	ICICI Lombard General Insurance Company	1.23%
Bosch	1.86%	Max Financial Services	0.12%
Tube Investments of India	1.38%	Construction Project	2.47%
Wheels India	1.32%	NCC	2.47%
Sterling Tools	0.16%	Textile Products	2.41%
Industrial Products	6.19%	K.P.R. Mill	1.80%
Graphite India	2.59%	Dollar Industries	0.61%
Bharat Forge	1.88%	Textiles - Cotton	1.98%
Polycab India	1.72%	Vardhman Textiles	1.69%
Consumer Non Durables	6.11%	Nitin Spinners	0.30%
Emami	2.37%	Transportation	1.75%
Radico Khaitan	1.99%	VRL Logistics	1.75%
Tata Consumer Products	1.75%	Industrial Capital Goods	1.63%
Software	6.01%	CG Power and Industrial Solutions	1.47%
Birlasoft	2.12%	Skipper	0.16%
Persistent Systems	1.77%	Petroleum Products	1.51%
HCL Technologies	1.18%	Bharat Petroleum Corporation	1.51%
KPIT Technologies	0.95%	Retailing	1.38%
Pharmaceuticals	5.22%	V-Mart Retail	1.38%
Aurobindo Pharma	1.94%	Capital Markets	0.75%
Cipla	1.38%	ICICI Securities	0.75%
IPCA Laboratories	1.03%	Net Cash and Cash Equivalent	3.60%
Alembic Pharmaceuticals	0.86%	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.



Contact your Financial Advisor



Call toll free 1800-2-6666-88



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