



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 ferocity of the second wave has caught most by surprise. Not only the numbers – roughly 5-6x daily cases of the 1st wave, it is the speed with which the virus spread to the hinterlands, which is an added cause for worry. The length of the second wave, will surely have a direct impact on FY2022 earnings. Equally important factor which may impact profitability across sectors is the commodity price rise – from Hot Rolled (HR) coils to PVC (Polyvinyl chloride), from Cotton yarn to rare metals (used in catalytic converters in passenger vehicles) the price rise over the last six months has been stupendous ranging from 40-80%. Passing on these cost push could impact a nascent consumer recovery or severely dent the bottom line of the user industries. Such a factor may also cause, the nascent cycle of upgrade, which was strongest after Dec quarter 2020 results, to take a pause.

Since Q1 FY2021 was a historic low in terms of corporate earnings, any blow arising from a decline in activity caused by the second wave would be softened by this low base effect. Hopefully, a normal monsoon and some positive news on the Covid front – vaccine supply ramping up - from July onwards could help revive economic activity around the festival season.

FUND FEATURES: (Data as on 30th April'21)

Category: Value

Monthly Avg AUM: ₹3,265.85 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: 0.96

Standard Deviation (Annualized): 30.46%

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.

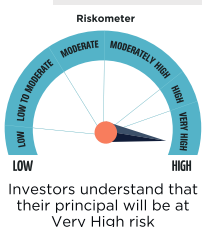
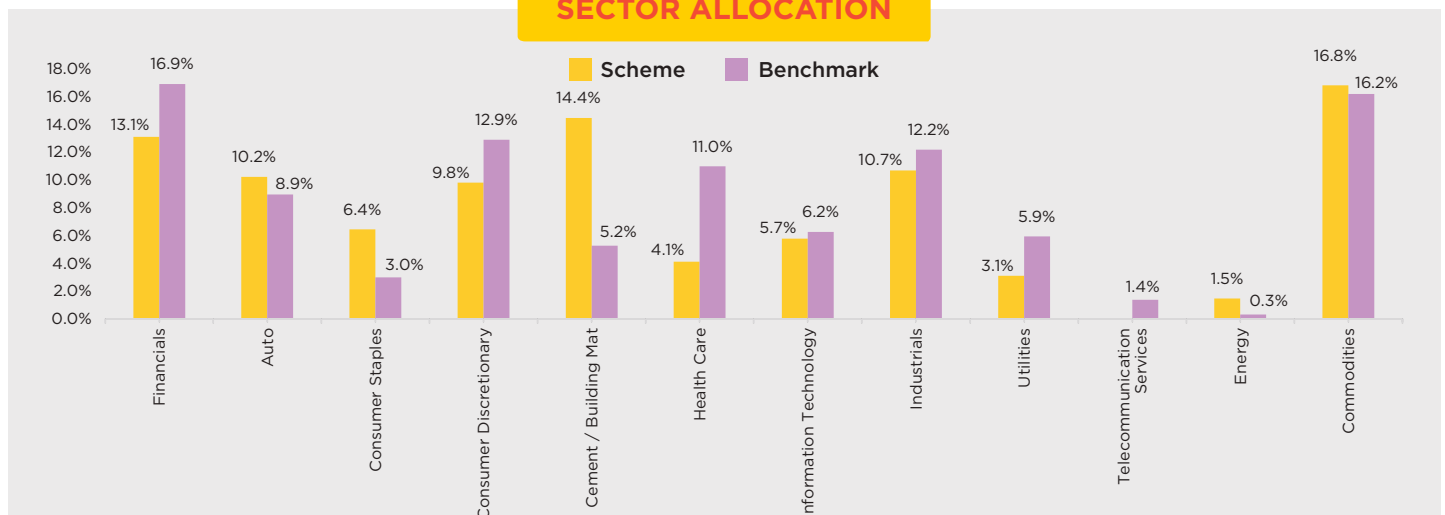
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

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	95.72%	Deepak Nitrite	4.36%
Consumer Durables	9.83%	SRF	0.68%
Voltas	2.30%	Pharmaceuticals	4.09%
Greenpanel Industries	2.05%	Aurobindo Pharma	2.06%
Crompton Greaves Consumer Electricals	1.73%	IPCA Laboratories	1.14%
Greenply Industries	1.51%	Alembic Pharmaceuticals	0.90%
Butterfly Gandhimathi Appliances	1.33%	Power	3.93%
Mayur Uniquoters	0.92%	KEC International	2.77%
Cement & Cement Products	9.13%	Kalpataru Power Transmission	1.16%
JK Cement	3.11%	Finance	3.16%
The Ramco Cements	2.07%	Mas Financial Services	1.67%
Prism Johnson	1.95%	Magma Fincorp	1.49%
ACC	1.36%	Gas	3.07%
Sagar Cements	0.64%	Gujarat Gas	3.07%
Banks	7.71%	Leisure Services	2.49%
ICICI Bank	4.14%	The Indian Hotels Company	1.64%
Axis Bank	1.29%	EIH	0.86%
RBL Bank	1.23%	Construction Project	2.46%
State Bank of India	1.06%	NCC	2.46%
Auto Ancillaries	7.11%	Textile Products	2.44%
Minda Industries	2.36%	K.P.R. Mill	1.94%
Bosch	1.78%	Dollar Industries	0.50%
Tube Investments of India	1.56%	Textiles - Cotton	2.21%
Wheels India	1.15%	Vardhman Textiles	1.70%
Sterling Tools	0.26%	Nitin Spinners	0.50%
Consumer Non Durables	6.41%	Industrial Capital Goods	1.68%
Emami	2.51%	CG Power and Industrial Solutions	1.34%
Radico Khaitan	2.00%	Skipper	0.34%
Tata Consumer Products	1.91%	Transportation	1.59%
Industrial Products	6.39%	VRL Logistics	1.59%
Graphite India	2.80%	Petroleum Products	1.45%
Bharat Forge	1.83%	Bharat Petroleum Corporation	1.45%
Polycab India	1.76%	Retailing	1.43%
Software	5.75%	V-Mart Retail	1.43%
Birlasoft	2.06%	Insurance	1.27%
Persistent Systems	1.65%	ICICI Lombard General Insurance Company	1.27%
HCL Technologies	1.15%	Aerospace & Defense	0.99%
KPIT Technologies	0.89%	Bharat Electronics	0.99%
Ferrous Metals	5.12%	Capital Markets	0.94%
Jindal Steel & Power	3.05%	ICICI Securities	0.94%
Kirloskar Ferrous Industries	1.25%	Net Cash and Cash Equivalent	4.28%
Maharashtra Seamless	0.82%	Grand Total	100.00%
Chemicals	5.04%		



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.