



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

Three key drivers of Equity markets are 1) Earnings 2) Interest Rates and 3) Valuations.

Earnings - For the first time since the 2008 GFC, India has seen 4 consecutive quarters where BSE200 2-year Forward EPS has been upgraded. Sustained momentum in earnings resulting in a cycle of earnings upgrades can help drives markets higher.

Interest Rates - Interest Rates, both in India and globally are trending upwards on account of higher inflation and faster than expected economic recovery. Higher interest rates are generally negative for Valuations.

Valuation - Indian markets have significantly outperformed global markets since the pandemic bottom. The scope for valuation rerating driven market move is limited.

FUND FEATURES: (Data as on 31st October'21)
Category: Value
Monthly Avg AUM: ₹4,249.05 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: 1.11
R Squared: 0.97
Standard Deviation (Annualized): 29.59%
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	26-Aug-21	1.46	28.4600
	20-Mar-20	0.73	12.8800
	16-Feb-18	1.38	23.2025
DIRECT	26-Aug-21	1.83	35.7600
	10-Mar-17	1.37	19.3894
	21-Mar-16	1.50	16.3433

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.

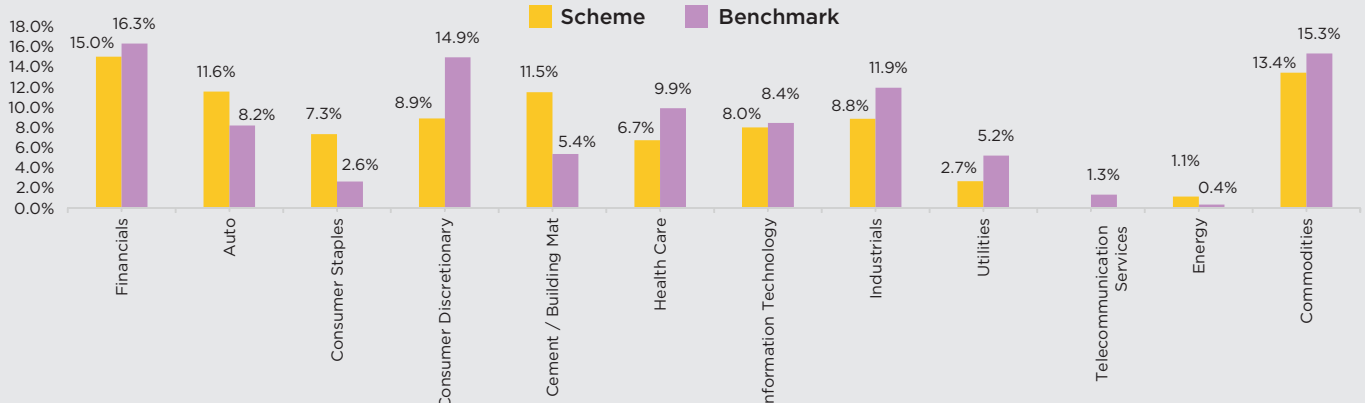
*The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

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	95.13%	Industrial Products	5.27%
Banks	9.74%	Bharat Forge	1.82%
ICICI Bank	4.96%	Polycab India	1.77%
State Bank of India	2.15%	Graphite India	1.67%
Axis Bank	2.12%	Ferrous Metals	4.07%
RBL Bank	0.52%	Jindal Steel & Power	3.17%
Consumer Non Durables	8.47%	Kirloskar Ferrous Industries	0.89%
Radico Khaitan	2.92%	Leisure Services	3.37%
Tata Consumer Products	1.92%	The Indian Hotels Company	2.22%
Emami	1.58%	EIH	1.15%
Avanti Feeds	1.14%	Chemicals	3.37%
Godrej Consumer Products	0.91%	Deepak Nitrite	3.02%
Software	7.99%	SRF	0.35%
HCL Technologies	2.18%	Power	2.95%
Persistent Systems	1.68%	KEC International	2.50%
Tata Consultancy Services	1.62%	Kalpataru Power Transmission	0.45%
Zensar Technologies	1.26%	Finance	2.90%
Birlasoft	1.26%	Poonawalla Fincorp	1.66%
Consumer Durables	7.47%	Mas Financial Services	1.25%
Greenpanel Industries	2.63%	Gas	2.66%
Voltas	2.29%	Gujarat Gas	2.66%
Butterfly Gandhimathi Appliances	1.50%	Insurance	2.36%
Mayur Uniquoters	0.75%	SBI Life Insurance Company	1.31%
Greenply Industries	0.30%	ICICI Lombard General Insurance Company	1.06%
Auto Ancillaries	6.89%	Industrial Capital Goods	2.15%
Minda Industries	2.60%	CG Power and Industrial Solutions	2.15%
Bosch	1.89%	Transportation	1.96%
Wheels India	1.43%	VRL Logistics	1.96%
Tube Investments of India	0.96%	Auto	1.95%
Cement & Cement Products	6.80%	Tata Motors	1.95%
JK Cement	1.97%	Textile Products	1.82%
The Ramco Cements	1.77%	K.P.R. Mill	1.82%
Nuvoco Vistas Corporation	1.07%	Construction Project	1.79%
Ambuja Cements	1.06%	NCC	1.79%
Sagar Cements	0.93%	Retailing	1.74%
Pharmaceuticals	6.74%	V-Mart Retail	1.74%
Cipla	2.15%	Textiles - Cotton	1.52%
Aurobindo Pharma	1.47%	Vardhman Textiles	1.52%
Sun Pharmaceutical Industries	1.09%	Petroleum Products	1.14%
IPCA Laboratories	0.92%	Bharat Petroleum Corporation	1.14%
Alembic Pharmaceuticals	0.74%	Net Cash and Cash Equivalent	4.87%
Laurus Labs	0.37%	Grand Total	100.00%



SECTOR ALLOCATION



<p>Scheme risk-o-meter</p> <p>Investors understand that their principal will be at Very High risk</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> To create wealth over long term. Investment predominantly in equity and equity related instruments following a value investment strategy. <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p>Benchmark risk-o-meter</p> <p>S&P BSE 400 MidSmallCap TRI</p>
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