



## 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

Corporates are reporting the lowest ever leverage and as per credit rating agencies, CY21 continued to report more upgrades over downgrades. With interest rates close to their historical lows, Corporates boosted by their balance sheet improvement are expected to announce cap-ex. Government policies like PLI, could be another factor which could spur a cap-ex cycle.

In such a context, the upcoming earnings season assumes greater criticality, as FY23 & FY24 estimates will be reviewed post the results. At first glance, the current commodity induced inflation will play havoc to Q1 FY23 estimates as Gross margins will be sharply impacted. This may have been already factored given the sharp fall during the last fortnight of March'22. What the market will focus on is the management commentary on rest of FY23 – sales growth momentum, price hikes and EBIDTA margin protection going ahead. Unless the commentary from managements underlines despair, FY24 estimates will be largely left untouched, as of now.

For the next couple of quarters, Indian markets could be influenced more by global gyrations rather than domestic news cycle. For investors, investing in periods of higher inflation, declining growth and uncertain geo-politics, caution over aggression may be a better strategy – give up FOMO (Fear of Missing Out) and embrace ALRE (Accept Lower Return Expectations).

**FUND FEATURES:** (Data as on 31st March'22)

**Category:** Value

**Monthly Avg AUM:** ₹ 4,340.37 Crores

**Inception Date:** 7th March 2008

**Fund Manager:** Mr. Anoop Bhaskar (w.e.f. 30th April 2016) & Mr. Daylynn Pinto (w.e.f. 20th October 2016)

**Other Parameters:**

**Beta:** 1.27

**R Squared:** 0.87

**Standard Deviation (Annualized):** 29.54%

**Benchmark:** Tier 1: S&P BSE 500 TRI (w.e.f. 28th Dec, 2021) Tier 2: S&P BSE 400 MidSmallCap TRI

**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.

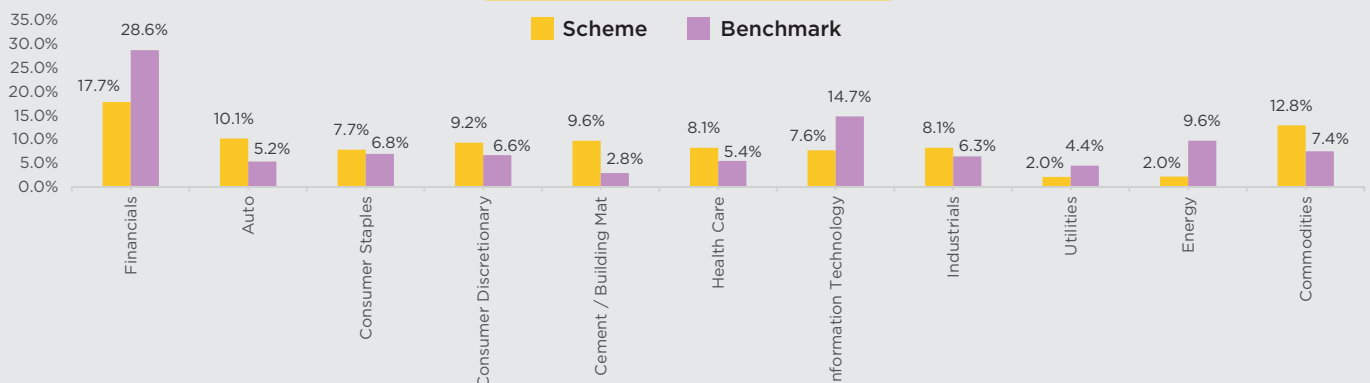
\*The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

**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
<b>Equity and Equity related Instruments</b>	<b>94.85%</b>	Kirloskar Ferrous Industries	0.82%
<b>Banks</b>	<b>12.55%</b>	<b>Cement &amp; Cement Products</b>	<b>4.58%</b>
ICICI Bank	4.37%	The Ramco Cements	1.36%
Axis Bank	2.95%	JK Cement	1.29%
State Bank of India	2.73%	Nuvoco Vistas Corporation	1.27%
Bank of Baroda	1.36%	Sagar Cements	0.65%
HDFC Bank	1.14%	<b>Leisure Services</b>	<b>4.00%</b>
<b>Consumer Non Durables</b>	<b>9.28%</b>	The Indian Hotels Company	2.80%
ITC	1.89%	EIH	1.20%
Radico Khaitan	1.87%	<b>Finance</b>	<b>3.30%</b>
Tata Consumer Products	1.72%	Poonawalla Fincorp	2.47%
Avanti Feeds	1.60%	Mas Financial Services	0.83%
Godrej Consumer Products	1.32%	<b>Chemicals</b>	<b>2.68%</b>
Emami	0.88%	Deepak Nitrite	2.68%
<b>Pharmaceuticals</b>	<b>8.09%</b>	<b>Industrial Capital Goods</b>	<b>2.52%</b>
Cipla	2.26%	CG Power and Industrial Solutions	2.52%
IPCA Laboratories	1.65%	<b>Transportation</b>	<b>2.39%</b>
Sun Pharmaceutical Industries	1.62%	VRL Logistics	2.39%
Laurus Labs	1.37%	<b>Textile Products</b>	<b>2.12%</b>
Dr. Reddy's Laboratories	1.19%	K.P.R. Mill	2.12%
<b>Software</b>	<b>7.56%</b>	<b>Petroleum Products</b>	<b>2.04%</b>
Tata Consultancy Services	2.63%	Reliance Industries	2.04%
HCL Technologies	2.32%	<b>Gas</b>	<b>2.01%</b>
Persistent Systems	1.48%	Gujarat Gas	2.01%
Zensar Technologies	1.14%	<b>Power</b>	<b>1.93%</b>
<b>Consumer Durables</b>	<b>7.12%</b>	KEC International	1.93%
Greenpanel Industries	3.31%	<b>Insurance</b>	<b>1.88%</b>
Voltas	1.79%	SBI Life Insurance Company	0.99%
Butterfly Gandhimathi Appliances	1.38%	ICICI Lombard General Insurance Company	0.88%
Mayur Uniquoters	0.63%	<b>Auto</b>	<b>1.63%</b>
<b>Auto Ancillaries</b>	<b>5.99%</b>	Tata Motors	1.63%
Minda Industries	2.58%	<b>Construction Project</b>	<b>1.37%</b>
Bosch	1.50%	NCC	1.37%
Wheels India	0.96%	<b>Retailing</b>	<b>1.25%</b>
Tube Investments of India	0.94%	V-Mart Retail	1.25%
<b>Industrial Products</b>	<b>4.92%</b>	<b>Entertainment</b>	<b>0.61%</b>
Polycab India	1.73%	PVR	0.61%
Bharat Forge	1.63%	<b>Textiles - Cotton</b>	<b>0.19%</b>
Graphite India	1.56%	Vardhman Textiles	0.19%
<b>Ferrous Metals</b>	<b>4.83%</b>	<b>Net Cash and Cash Equivalent</b>	<b>5.15%</b>
Jindal Steel & Power	4.01%	<b>Grand Total</b>	<b>100.00%</b>



**SECTOR ALLOCATION**



<p><b>Scheme risk-o-meter</b></p>  <p>Investors understand that their principal will be at Very High risk</p>	<p><b>This product is suitable for investors who are seeking*</b></p> <ul style="list-style-type: none"> <li>To create wealth over long term.</li> <li>Investment predominantly in equity and equity related instruments following a value investment strategy.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p><b>Benchmark risk-o-meter</b></p>  <p>Tier 1: S&amp;P BSE 500 TRI</p>	<p><b>Benchmark risk-o-meter</b></p>  <p>Tier 2: S&amp;P BSE 400 MidSmallCap</p>
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