



## 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

During the month of January'22, equity markets across the globe were largely impacted by US Fed utterances regarding interest rates and balance sheet contraction. Markets roiled at the prospects of tightening liquidity and a phase of rising interest rates. On domestic front, the Union Budget 2022-23 was largely viewed as a positive by equity markets. The equity markets took solace from the conservative assumptions for revenue collections going in to FY23 and modest expenditure growth with a clear tilt on capital spending across, roads; railways & affordable housing sectors. The early birds in the earnings season have reported a mixed bag – robust sales growth and outlook, shrinking margin due to higher input prices and inability to completely pass on these cost surges. Unseasonal rains had also dampened demand in certain segments/sectors. As a result FY22 & 23 estimates may be downgraded marginally, though analysts seemed to be re-assured by management commentary and FY24 estimates remain largely unchanged.

**FUND FEATURES:** (Data as on 31st January'22)  
**Category:** Value  
**Monthly Avg AUM:** ₹4,536.75 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:** 1.26  
**R Squared:** 0.88  
**Standard Deviation (Annualized):** 29.49%  
**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.

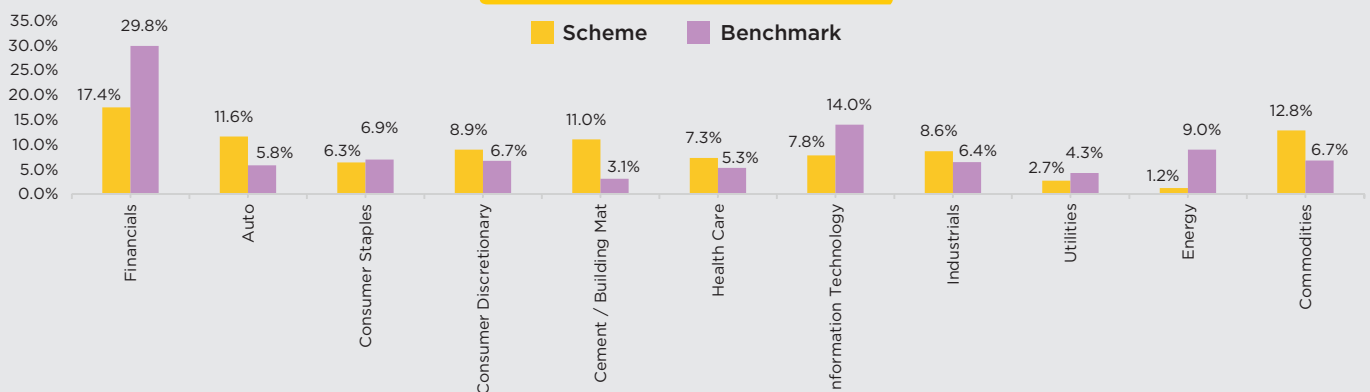
\*The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

**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>95.57%</b>	Polycab India	1.85%
<b>Banks</b>	<b>11.82%</b>	Bharat Forge	1.72%
ICICI Bank	4.56%	Graphite India	1.52%
Axis Bank	3.01%	<b>Ferrous Metals</b>	<b>3.70%</b>
State Bank of India	2.99%	Jindal Steel & Power	2.92%
Bank of Baroda	1.26%	Kirloskar Ferrous Industries	0.78%
<b>Software</b>	<b>7.76%</b>	<b>Leisure Services</b>	<b>3.64%</b>
Tata Consultancy Services	2.70%	The Indian Hotels Company	2.54%
HCL Technologies	2.20%	EIH	1.09%
Persistent Systems	1.57%	<b>Finance</b>	<b>3.39%</b>
Zensar Technologies	1.29%	Poonawalla Fincorp	2.63%
<b>Consumer Non Durables</b>	<b>7.75%</b>	Mas Financial Services	0.76%
Radico Khaitan	2.56%	<b>Gas</b>	<b>2.69%</b>
Tata Consumer Products	1.62%	Gujarat Gas	2.69%
Avanti Feeds	1.42%	<b>Chemicals</b>	<b>2.68%</b>
Emami	1.22%	Deepak Nitrite	2.68%
Godrej Consumer Products	0.93%	<b>Power</b>	<b>2.42%</b>
<b>Consumer Durables</b>	<b>7.32%</b>	KEC International	2.42%
Greenpanel Industries	3.13%	<b>Industrial Capital Goods</b>	<b>2.33%</b>
Voltas	1.84%	CG Power and Industrial Solutions	2.33%
Butterfly Gandhimathi Appliances	1.54%	<b>Textile Products</b>	<b>2.32%</b>
Mayur Uniquoters	0.81%	K.P.R. Mill	2.32%
<b>Pharmaceuticals</b>	<b>7.25%</b>	<b>Insurance</b>	<b>2.23%</b>
Cipla	2.10%	SBI Life Insurance Company	1.32%
Sun Pharmaceutical Industries	1.49%	ICICI Lombard General Insurance Company	0.91%
IPCA Laboratories	1.45%	<b>Transportation</b>	<b>2.07%</b>
Laurus Labs	1.17%	VRL Logistics	2.07%
Alembic Pharmaceuticals	0.76%	<b>Auto</b>	<b>1.96%</b>
Aurobindo Pharma	0.28%	Tata Motors	1.96%
<b>Auto Ancillaries</b>	<b>7.13%</b>	<b>Construction Project</b>	<b>1.77%</b>
Minda Industries	3.07%	NCC	1.77%
Bosch	1.73%	<b>Retailing</b>	<b>1.51%</b>
Wheels India	1.35%	V-Mart Retail	1.51%
Tube Investments of India	0.98%	<b>Petroleum Products</b>	<b>1.19%</b>
<b>Cement &amp; Cement Products</b>	<b>6.00%</b>	Reliance Industries	1.19%
JK Cement	1.77%	<b>Textiles - Cotton</b>	<b>1.12%</b>
The Ramco Cements	1.35%	Vardhman Textiles	1.12%
Nuvoco Vistas Corporation	1.20%	<b>Entertainment</b>	<b>0.42%</b>
Ambuja Cements	0.93%	PVR	0.42%
Sagar Cements	0.74%	<b>Net Cash and Cash Equivalent</b>	<b>4.43%</b>
<b>Industrial Products</b>	<b>5.09%</b>	<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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