



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 outperformance of Indian markets relative to global markets continued in Apr'22. Since Jan'21 the divergence in performance between US and India has been eye-popping. Given that Apr'22 witnessed large FII outflows, the strength of Indian retail flows – direct as well as through Mutual Funds was the fulcrum on which this performance was achieved. Over the longer term, earnings growth usually sets the pattern for the market. On that front, the early results, though a mixed bag, are not reporting anything alarming. While earning estimates may be cut for FY23, estimates for FY24 are still largely intact. Aggregate earnings may not appear to have changed much, as upgrades will be limited to a few sectors – Oil & Gas; Metals; Coal & Autos (maybe) the quantum of these upgrades will be equal to or higher than the cuts across a swathe of sectors like consumer staples; discretionary; pharmaceuticals; engineering; EPC, in short users of commodities.

We continue to believe that the elevated commodity prices could lead to either or both of these conditions – a) demand shrinkage, and or b) producers ramping up production, a combination of both should lead to a cooling-off price during the Second half of FY23! Whether this hypothesis works or we have a full-blown inflation scare, will have a material impact on the market move, going forward.

FUND FEATURES: (Data as on 30th April'22)

Category: Value

Monthly Avg AUM: ₹ 4,662.01 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: 0.87

Standard Deviation (Annualized): 29.46%

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.

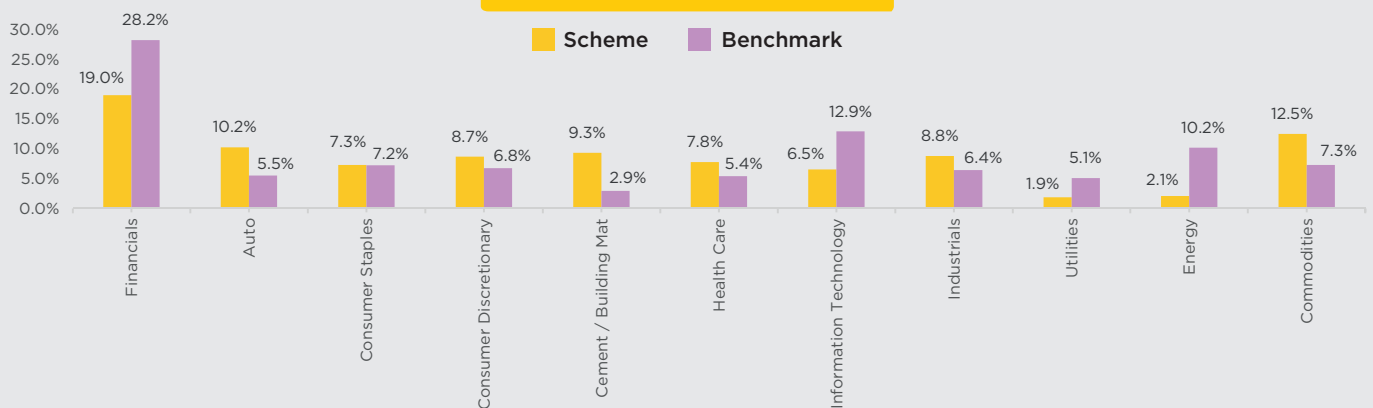
*The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

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
Equity and Equity related Instruments	94.09%	Sagar Cements	0.60%
Banks	13.51%	Leisure Services	3.92%
ICICI Bank	4.65%	The Indian Hotels Company	2.71%
Axis Bank	2.75%	EIH	1.21%
State Bank of India	2.68%	Finance	3.68%
HDFC Bank	2.09%	Poonawalla Fincorp	2.71%
Bank of Baroda	1.34%	Mas Financial Services	0.97%
Pharmaceuticals & Biotechnology	7.79%	Transport Services	2.70%
Cipla	2.12%	VRL Logistics	2.70%
IPCA Laboratories	1.64%	Chemicals & Petrochemicals	2.66%
Sun Pharmaceutical Industries	1.60%	Deepak Nitrite	2.66%
Laurus Labs	1.32%	Petroleum Products	2.11%
Dr. Reddy's Laboratories	1.11%	Reliance Industries	2.11%
Consumer Durables	6.86%	Textiles & Apparels	1.97%
Greenpanel Industries	3.23%	K.P.R. Mill	1.97%
Voltas	1.63%	Diversified FMCG	1.90%
Butterfly Gandhimathi Appliances	1.36%	ITC	1.90%
Mayur Uniquoters	0.64%	Gas	1.87%
IT - Software	6.52%	Gujarat Gas	1.87%
Tata Consultancy Services	2.43%	Beverages	1.84%
HCL Technologies	2.10%	Radico Khaitan	1.84%
Persistent Systems	1.03%	Insurance	1.78%
Zensar Technologies	0.98%	SBI Life Insurance Company	0.95%
Auto Components	6.13%	ICICI Lombard General Insurance Company	0.83%
Minda Industries	2.47%	Agricultural Food & other Products	1.78%
Bosch	1.47%	Tata Consumer Products	1.78%
Wheels India	1.15%	Personal Products	1.75%
Tube Investments of India	1.05%	Godrej Consumer Products	1.43%
Ferrous Metals	4.86%	Emami	0.32%
Jindal Steel & Power	3.94%	Food Products	1.67%
Kirloskar Ferrous Industries	0.92%	Avanti Feeds	1.67%
Industrial Products	4.80%	Automobiles	1.60%
Polycab India	1.61%	Tata Motors	1.60%
Graphite India	1.60%	Construction	1.57%
Bharat Forge	1.59%	NCC	1.57%
Electrical Equipment	4.53%	Retailing	0.99%
CG Power and Industrial Solutions	2.56%	V-Mart Retail	0.99%
KEC International	1.97%	Entertainment	0.79%
Cement & Cement Products	4.49%	PVR	0.79%
The Ramco Cements	1.46%	Net Cash and Cash Equivalent	5.91%
JK Cement	1.33%	Grand Total	100.00%
Nuvoco Vistas Corporation	1.10%		



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>Tier 1: S&P BSE 500 TRI</p>	<p>Benchmark risk-o-meter</p> <p>Tier 2: S&P BSE 400 MidSmallCap</p>
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