



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 pandemic's second wave appears to have peaked and a long "plateau" lies in front of us (similar to Jul-Sept 2020). The pace of vaccination will be an important factor to re-start the economic engine – which thankfully was in neutral rather than switched off as the case last year.

For India, macros economic indicators - inflation and crude oil remain the two key variables to track. From a macro point of view, the debate of Cyclical vs Growth will rage till the time RBI policy – which currently focuses entirely on Growth, pivots its focus solely on inflation. It may be difficult to predict how long this phase will last. For smart investors, observing/ keeping track of key macro trends will need to become an integral part of the investment process – domestic as well as global.

Markets at current elevated levels need the support of strong earnings growth and continuation of the loose monetary policy globally, especially in the US. Any perception of change to the worse on both counts will make the markets nervous and twitchy. Market corrections, as a result, will not be slow and suffocating, they will be short and sharp. FY21-23 market move may be more broad-based as compared to the FY17-20 phase. The same may be necessitated across equity portfolios!

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

Category: Value

Monthly Avg AUM: ₹3,689.59 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: 1.07

R Square: 0.97

Standard Deviation (Annualized): 30.45%

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.

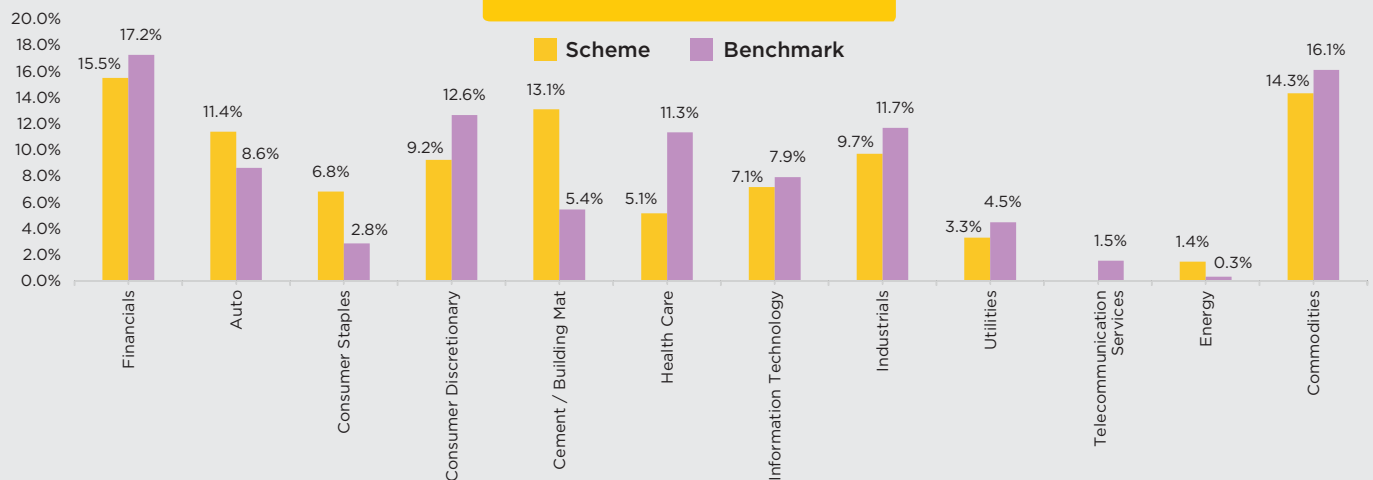
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

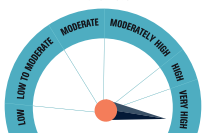
Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	96.93%	Ferrous Metals	4.70%
Banks	8.94%	Jindal Steel & Power	2.66%
ICICI Bank	3.89%	Kirloskar Ferrous Industries	1.28%
State Bank of India	1.91%	Maharashtra Seamless	0.76%
Axis Bank	1.90%	Chemicals	4.17%
RBL Bank	1.24%	Deepak Nitrite	3.39%
Consumer Durables	8.40%	SRF	0.78%
Voltas	2.19%	Power	3.93%
Greenpanel Industries	1.75%	KEC International	2.79%
Greenply Industries	1.27%	Kalpataru Power Transmission	1.14%
Butterfly Gandhimathi Appliances	1.17%	Gas	3.27%
Crompton Greaves Consumer Electricals	1.05%	Gujarat Gas	3.27%
Mayur Uniquoters	0.97%	Finance	3.26%
Cement & Cement Products	8.09%	Magma Fincorp	1.65%
JK Cement	2.67%	Mas Financial Services	1.61%
The Ramco Cements	1.92%	Leisure Services	2.89%
Prism Johnson	1.44%	The Indian Hotels Company	1.86%
Sagar Cements	0.88%	EIH	1.03%
Ambuja Cements	0.80%	Insurance	2.56%
ACC	0.38%	SBI Life Insurance Company	1.30%
Software	7.14%	ICICI Lombard General Insurance Company	1.26%
Birlasoft	2.14%	Construction Project	2.54%
Persistent Systems	1.81%	NCC	2.54%
HCL Technologies	1.65%	Textile Products	2.23%
Zensar Technologies	0.92%	K.P.R. Mill	1.66%
KPIT Technologies	0.63%	Dollar Industries	0.57%
Auto Ancillaries	7.00%	Textiles - Cotton	1.90%
Minda Industries	2.57%	Vardhman Textiles	1.63%
Bosch	1.77%	Nitin Spinners	0.27%
Wheels India	1.32%	Transportation	1.82%
Tube Investments of India	1.25%	VRL Logistics	1.82%
Sterling Tools	0.09%	Petroleum Products	1.44%
Consumer Non Durables	6.81%	Bharat Petroleum Corporation	1.44%
Emami	2.55%	Industrial Capital Goods	1.41%
Radico Khaitan	2.34%	CG Power and Industrial Solutions	1.31%
Tata Consumer Products	1.92%	Skipper	0.10%
Industrial Products	6.18%	Retailing	1.35%
Graphite India	2.18%	V-Mart Retail	1.35%
Bharat Forge	2.04%	Auto	1.04%
Polycab India	1.96%	Tata Motors	1.04%
Pharmaceuticals	5.14%	Capital Markets	0.72%
Aurobindo Pharma	1.81%	ICICI Securities	0.72%
Cipla	1.50%	Net Cash and Cash Equivalent	3.07%
IPCA Laboratories	0.98%	Grand Total	100.00%
Alembic Pharmaceuticals	0.86%		



SECTOR ALLOCATION



Riskometer



Investors understand that their principal will be at Very High risk

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.