



# Bandhan Sterling Value Fund<sup>\$</sup>

An open ended equity scheme following a value investment strategy

Bandhan Sterling Value Fund is a value focused investment strategy and follows a Flexi-cap approach in identifying value opportunities across market cap segments.

- The fund follows a market cap and benchmark agnostic approach.

To identify value opportunities, the Fund looks at a variety of relative valuation tools including ratios such as Enterprise Value (EV)/Sales ratio, Operating cash flow (OCF)/EV, and Price/Book (P/B).

## FUND PHILOSOPHY\*

The focus of Bandhan 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

### How it went:

Global equities remained weak across countries (MSCI AC World -2.5% MoM with Spain and Italy being the only outliers with positive returns. India declined by -4.8% MoM while Emerging markets were down -6.5% MoM largely led by China (-10.4% MoM). Euro area held on with flattish (-0.8% MoM) returns. Indian equities has corrected sharply on a YTD basis (\$ terms, -7.6% YTD) compared to the World (\$ terms, 4.3% YTD) and Emerging countries (\$ terms, 0.8% YTD) which are holding their which are still in positive.

Looking at market cap wise performance, there has been a decline in MoM returns across market caps with Mid-caps (-1.8% MoM) performing slightly better than small caps (-2.9% MoM) and large caps (-2.2% MoM).

### How do we look ahead:

The December quarter results on a broad level indicated weak volume trends and easing of pricing pressures. Consensus FY23 EPS estimates for MSCI India were cut by ~5% this December quarter following a 4% cut post previous quarter results. Nifty FY23E EPS estimates has seen 1-2% cut with downgrades in commodities offset by upgrades in banks. The management outlook going ahead also saw some bit of moderation both from demand as well as margin perspective (barring staples and non-Auto Discretionary) reflecting the slowing global macro environment.

At a global level the macro outlook has turned challenging due to inflation data turning adverse. Across countries like USA, India, Germany etc. the recent inflation data has turned out higher than expected which is pushing global bond yields higher. The 2 year bond yield in USA is the highest since 2007. Higher bond yields are a big headwind to equities, and inflation will need to moderate for equities to perform. The silver lining for India is that earnings outlook is fairly resilient and over last few quarters valuation multiples have corrected.

<sup>\$</sup>With effect from 13th March 2023, the name of "IDFC Sterling Value Fund " has changed to "Bandhan Sterling Value Fund"

### FUND FEATURES:

(Data as on 28th February '23)

**Category:** Value

**Monthly Avg AUM:** ₹ 5,220.61 Crores

**Inception Date:** 7th March 2008

**Fund Manager:** Mr. Manish Gunwani (w.e.f. 28 January, 2023) & Mr. Daylynn Pinto (w.e.f. 20th October 2016)

### Other Parameters:

**Beta:** 1.20

**R Squared:** 0.87

**Standard Deviation (Annualized):** 29.11%

**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:** ₹ 1,000/- 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 Dates: (Monthly/Quarterly)** Investor may choose any day of the month except 29th, 30th and 31st as the date of installment.

**Options Available:** Growth, IDCW<sup>®</sup> (Payout, Reinvestment and Sweep (From Equity Schemes to Debt Schemes only))

**SIP (Minimum Amount):** ₹ 100/- (Minimum 6 instalments)

PLAN	IDCW <sup>®</sup> RECORD DATE	₹/UNIT	NAV
REGULAR	29-Aug-22	1.57	30.7750
	26-Aug-21	1.46	28.4600
	20-Mar-20	0.73	12.8800
DIRECT	29-Aug-22	1.99	39.0970
	26-Aug-21	1.83	35.7600
	10-Mar-17	1.37	19.3894

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).

<sup>®</sup>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.**

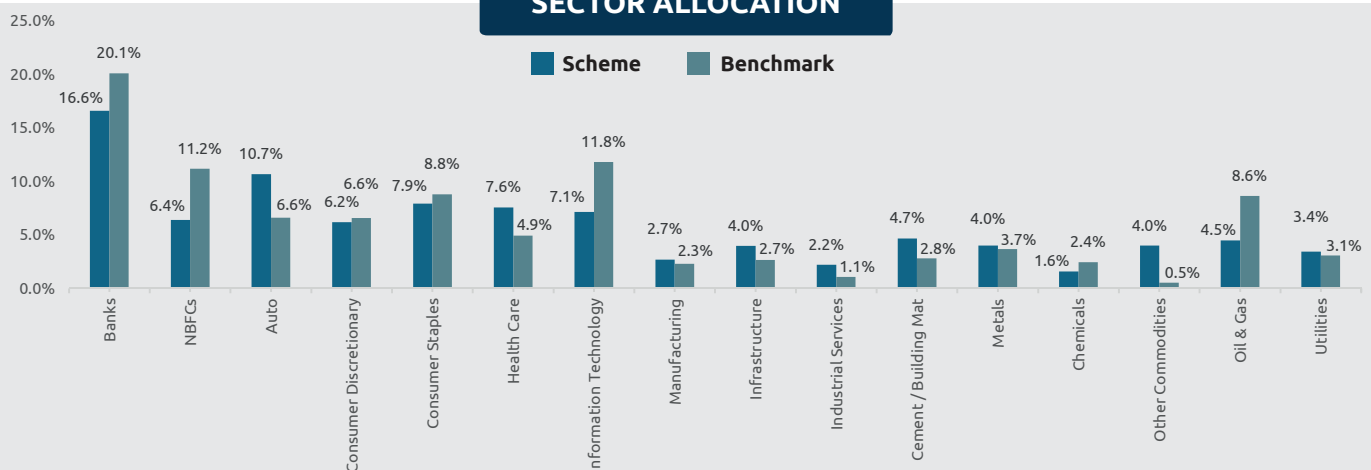
# PORTFOLIO

(28 February 2023)



Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
<b>Equity and Equity related Instruments</b>			<b>93.42%</b>		
<b>Banks</b>			<b>16.58%</b>		
ICICI Bank		4.82%	Greenpanel Industries		1.61%
Axis Bank		3.45%	Mayur Uniquoters		0.85%
State Bank of India		2.54%	Voltas		0.63%
HDFC Bank		2.49%	<b>Cement &amp; Cement Products</b>		
Bank of Baroda		1.82%	The Ramco Cements		1.67%
IndusInd Bank		1.47%	Nuvoco Vistas Corporation		0.99%
<b>Pharmaceuticals &amp; Biotechnology</b>			<b>3.05%</b>		
Cipla		1.81%	Sagar Cements		0.40%
Sun Pharmaceutical Industries		1.58%	<b>Automobiles</b>		
Dr. Reddy's Laboratories		1.26%	Hero MotoCorp		1.55%
IPCA Laboratories		1.18%	Tata Motors		1.39%
Laurus Labs		0.87%	<b>Diversified FMCG</b>		
Lupin		0.86%	ITC		2.93%
<b>IT - Software</b>			<b>2.93%</b>		
Tata Consultancy Services		2.58%	<b>Transport Services</b>		
HCL Technologies		2.09%	VRL Logistics		2.21%
Tech Mahindra		1.39%	<b>Insurance</b>		
Zensar Technologies		1.07%	ICICI Lombard General Insurance Company		2.03%
<b>Auto Components</b>			<b>2.03%</b>		
UNO Minda		2.36%	<b>Beverages</b>		
Bosch		1.75%	Radico Khaitan		2.03%
Wheels India		0.84%	<b>Construction</b>		
<b>Electrical Equipment</b>			<b>1.83%</b>		
CG Power and Industrial Solutions		2.67%	NCC		1.83%
KEC International		2.14%	<b>Personal Products</b>		
<b>Ferrous Metals</b>			<b>1.79%</b>		
Jindal Steel & Power		3.20%	Godrej Consumer Products		1.79%
Kirloskar Ferrous Industries		1.35%	<b>Gas</b>		
<b>Finance</b>			<b>4.37%</b>		
Poonawalla Fincorp		2.30%	Gujarat Gas		1.77%
Mas Financial Services		1.11%	<b>Food Products</b>		
LIC Housing Finance		0.95%	Avanti Feeds		1.68%
<b>Petroleum Products</b>			<b>1.66%</b>		
Reliance Industries		2.14%	NTPC		1.66%
Bharat Petroleum Corporation		1.44%	<b>Chemicals &amp; Petrochemicals</b>		
<b>Industrial Products</b>			<b>1.57%</b>		
Bharat Forge		1.43%	Deepak Nitrite		1.57%
Polycab India		1.20%	<b>Textiles &amp; Apparels</b>		
Graphite India		0.78%	K.P.R. Mill		1.46%
<b>Leisure Services</b>			<b>1.16%</b>		
The Indian Hotels Company		2.11%	<b>Agricultural Food &amp; other Products</b>		
EIH		1.07%	Tata Consumer Products		1.16%
<b>Consumer Durables</b>			<b>3.09%</b>		
			<b>Retailing</b>		
			V-Mart Retail		0.89%
			<b>Oil</b>		
			Oil & Natural Gas Corporation		0.89%
			<b>Entertainment</b>		
			PVR		0.30%
			<b>Treasury Bill</b>		
			182 Days Tbill - 2023	SOV	0.49%
			<b>Net Cash and Cash Equivalent</b>		
					<b>6.09%</b>
			<b>Grand Total</b>		
					<b>100.00%</b>

## SECTOR ALLOCATION



### Scheme risk-o-meter



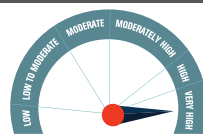
Investors understand that their principal will be at Very High risk

### 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.

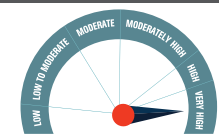
\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

### Benchmark risk-o-meter



Tier 1: S&P BSE 500 TRI

### Benchmark risk-o-meter



Tier 2: S&P BSE 400 MidSmallCap TRI