



FUND STRUCTURES WITHOUT BORDERS: HOW IFSC ENABLES GLOBAL FEEDER & MASTER FUNDS

The Appetite and the Constraint | Introduction

Global investing is no longer a peripheral consideration for Indian families. In FY 2025-26, resident Indians remitted nearly \$ 2.6 billion for investments in overseas equity and debt under the Liberalised Remittance Scheme (LRS) of the Reserve Bank of India, marking the fourth consecutive financial year in which such remittances crossed the \$ 1 billion mark. A portion of these global investment flows has been facilitated by Gift City. This increasing and consistent rise reflects the growing participation of Indian investors in structuring and channelizing international investment capital.

Historically, global investment capital originating from India often depended on fragmented domestic and offshore arrangements for pooling, custody, administration and deployment. Each of the offshore avenues usually comes with its own operational nuances spanning regulations, treasury management, and reporting. The GIFT City ecosystem began changing this when the International Financial Services Centres Authority (IFSCA) introduced the Fund Management Entity (FME) regime in 2022, which has now evolved into what we understand as the IFSCA (Fund Management) Regulations, 2025.

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An International Gateway | IFSCA and Global Fund Management

The importance of GIFT City lies not merely in providing another location for financial activity, but in creating an India-linked jurisdiction designed as a gateway between Indian capital and global investments. The IFSCA functions as a unified regulator for financial products, financial services, and financial institutions in GIFT City. This unified architecture is particularly relevant for exploring global allocations, wherein product design, investor eligibility, permissible investments, custody, disclosures, and ongoing governance need to be aligned within a coherent framework. For global investing, this changes the traditional access framework.

Historically, Indian families seeking international diversification had to rely on fragmented routes such as direct overseas brokerage accounts, domestic mutual fund schemes investing abroad, or offshore structures established in other jurisdictions. Each route had its own constraints in terms of access, operational convenience, investment limits, reporting, custody, and portfolio oversight. The IFSCA framework provides a more organized pathway by allowing global investment fund-based products to be managed by Fund Management Entities under various structures. These structures span from funds (Alternative Investment Funds and Retail Schemes) to separately managed accounts (Portfolio Management Services). This enables global investing for mass affluent and high net worth investors, who can explore global allocations accessible through institutionalized avenues.





Global Architecture | Global Investment Structures in GIFT IFSC

The IFSCA (Fund Management) Regulations, 2025, allow global investing to be accessed through multiple structures, each serving a distinct investor need. At one end are global Alternative Investment Funds, typically structured for sophisticated investors seeking a large ticket-sized pooled exposure to international assets. These funds can be designed around global equities, fixed income, sectoral themes, or multi-asset strategies, subject to the applicable strategy elaborated in the pre-placement memoranda (PPMs) of the respective strategies. For investors who prefer professional management and collective participation in a defined strategy, a global AIF provides a structured alternative to maintaining individual overseas brokerage accounts.

At the more customized end is the curation of global portfolios under Portfolio Management Services, where a portfolio is managed separately for each client under an investment mandate. This format is particularly relevant for investors who require tailored allocations, direct portfolio-level visibility, flexibility in portfolio construction, and individual reporting. Unlike a pooled fund, a global PMS allows each portfolio to reflect specific investment objectives, risk appetite, liquidity needs, and restrictions of the respective investors.

Global AIFs can also operate through feeder structures. In a feeder-master arrangement, the feeder fund pools capital from a defined investor base and invests in a master fund or underlying scheme that manages the core portfolio and is domiciled in an offshore jurisdiction. In effect, the feeder structure can make an established global investment strategy accessible to eligible investors through the Gift City ecosystem, without requiring each investor to directly access the offshore fund or replicate the strategy independently. Thus, feeder structures allow different investor pools to access a common global strategy through a single investment engine.





The Channelization of Capital | Outbound Investments via Gift City

The emergence of the outbound investing ecosystem is already visible in the data. The most recent IFSCA Bulletin, as of March 31, 2026, suggests that fund management schemes in GIFT IFSC had deployed approximately \$ 1.62 billion into foreign jurisdictions, with non-retail schemes accounting for nearly \$ 1.59 billion of this amount. What is notable is the various categories of investors participating in global investing through the Gift City route.

Access to global fund structures in IFSC is not limited only to resident individuals investing under the LRS route. Under the Overseas Portfolio Investment framework of the RBI, resident Indian entities may also participate in IFSC-based global investment funds or vehicles, subject to permissible limits and restrictions under the OPI framework. Global investing through IFSC can, therefore, extend beyond individual remittances and become relevant for corporate treasuries, family-office entities, and other eligible Indian entities seeking regulated exposure to international investment strategies. In effect, the OPI route broadens the investor base for global fund structures in Gift City and allows participation in global investing through a defined regulatory channel.

Additionally, global investments via GIFT City can also be availed of by persons resident outside India. In other words, global investors can access global investments through structures set up in GIFT IFSC, only reinforcing the credibility which Gift City enjoys in the minds of NRI and foreign investors when it comes to global investing.





An Ecosystem of Choice | The Case for Global Investing

The recent geopolitical crisis in the Middle East has once again demonstrated how quickly global capital can move toward perceived safe-haven assets. The sharp weakening of the Indian rupee relative to the US dollar has reinforced the relevance of USD-based allocations for Indian investors seeking currency diversification, global asset exposure, and mitigation of single-country domestic market concentration risk. The growing appetite for USD-denominated investments needs an institutional channel that is regulated, accessible, and capable of supporting different investor profiles. This is where Gift City assumes significance as a global ecosystem of choice.

By enabling global AIFs, PMS mandates, and outbound feeder funds under the Fund Management framework of the IFSCA, Gift City can help convert the objective of global diversification into organized investment structures. In that sense, the IFSCA is not merely facilitating outbound investment. It is helping facilitate an India-linked architecture through which global capital allocation can become more structured, professionally managed, and institutionally scalable.



Building the Human Architecture | Skills for the Fund Ecosystem in GIFT City

As the fund-management ecosystem in Gift City expands, employers increasingly require professionals who can operate across functions rather than within narrow domestic-market silos. Investment roles require an understanding of global asset classes, portfolio construction, financial analysis and risk management, while product professionals must translate investment strategies into appropriate fund, feeder or separately managed structures. Equally important is familiarity with the IFSCA regulatory framework, cross-border capital flows, onboarding, custody, valuation, fund accounting, taxation and investor reporting. Proficiency in technology capabilities such as data analysis, automation and the ability to work with investment and reporting systems are becoming increasingly valuable as firms build scalable fund management businesses. FMEs look for stakeholder-management and problem-solving abilities, because GIFT City products frequently involve coordination among investment teams, regulators, custodians, administrators, banks, distributors and overseas counterparties. The most relevant professionals will therefore combine domain expertise with regulatory awareness, operational understanding and the ability to function within a global institutional environment.

A circular portrait of a man with dark hair, wearing glasses, a dark suit, a white shirt, and a blue tie. He is holding a microphone and appears to be speaking. The background of the circle is a solid blue color.

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