

# AIFs expect rebound in investor flows as W Asia uncertainty eases

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Mumbai, 26 June

After months of subdued fundraising amid geopolitical uncertainty stemming from the West Asia conflict, alternative investment fund (AIF) managers are beginning to see signs of revival in investor sentiment. Industry participants say allocations that were previously on hold are gradually returning.

This comes as improving macro stability and greater clarity on global risks prompt investors — particularly high net worth individuals (HNIs) — to re-engage with private market opportunities.

AIFs, which offer investment opportunities into niche segments like unlisted securities, real estate, and even complex trading strategies, usually have high entry barriers with a minimum ticket size of ₹1 crore. However, the restrictions are relaxed for accredited investors.

“Some investors had kept the allocation on hold to see better clarity emerging from the West Asia war. Given this is largely behind us, investors are returning to the private market’s allocation,” said Dipen Ruparelia, chief business & product officer, Vivriti Asset Management.

As of March, the total commitments in AIFs neared ₹17 trillion, while fund raises crossed ₹7 trillion for the first time. However, the pace of growth has been impacted in recent months, according to industry players.

Srini Srinivasan, managing director (MD), Kotak Alternate Asset Managers, however, states that it may be incorrect to assume there is a blanket slowdown and that investors are moving towards more



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## Shifting trends

- Total AIF commitments near ₹17 trillion; fundraising crosses ₹7 trillion as of March 2026
- Investors becoming more selective, favouring established platforms with proven track records
- AIFs increasingly relying on distributors; tougher terms impacting margins
- GIFT City inflows stay strong, driven by rising global investment interest
- Investor base in GIFT-IFSC rises sharply to 9,594 in March 2026

proven platforms.

“The reality is that investors have become highly discerning, which is naturally causing a delay in investment decisions. However, capital is not drying up — it is simply taking its time to evaluate risk. As a result, investors will inevitably gravitate towards established platforms with a proven, cross-cycle track record,” he added.

Other industry players noted that while historically AIFs had raised funds on their own, the trend has shifted in recent months with them now relying more on distributors.

“The distributors are now negotiating harsher terms as fund raising has become a little difficult. Meanwhile, many family offices have hired talent on their own for venture capital (VC) funds and are managing their own allocations.

This also helps them reduce the costs. For AIFs, margins have also been impacted,” said an industry player.

Industry players added that HNIs and ultra HNIs (UHNIs) are considering private credit strategies where variation of return outcomes is relatively lower — where value creation is driven by portfolio construction, strong deal structuring and proactive risk management.

“Funds with greater dependence on overseas capital have felt the slowdown more acutely, while vehicles backed by domestic investors have generally seen stronger resilience. If geopolitical tensions ease and market sentiment improves, global capital is likely to return to the ecosystem. In the meantime, the slowdown in capital deployment has had an interesting effect on the market,” said Jashank

Pohani, head of family office relationships, Artha Group.

He added that slow deployment has led to early stage activity being more measured, valuations becoming more rational, and founders chasing sustainable business than growth at any cost.

In contrast, industry players said the fund flow via GIFT City — the maiden international financial services centre (IFSC), has continued and remained strong despite the global uncertainty with growing number of investors eyeing global markets.

“While we understand the depreciation of the rupee, India has become large enough economy with enough foreign reserves. It is about time Indian investors have exposure to global markets. This allows mitigation on concentration risk. Also, as global markets/investment theme grows, on redemption/sale of securities funds will come back to their home country itself,” said Mahesh Shekdar, cofounder, Dovetail Group.

In GIFT-IFSC, the March quarter of FY26 saw number of schemes registered expand to 360 from 327 in the previous quarter.

Additionally, the number of investors across fund schemes in the IFSC rose to 9,594 as of March 2026 quarter — compared to 6,721 in December 2025.

This was driven mainly by rise in retail schemes with 3,438 investors, up significantly from 1,239 in December 2025. Cumulative funds raised increased to \$19.51 billion at the end of Q4FY26, up from \$17.34 billion in the previous quarter.