

# The Alternate Opinion

Quantitative & Alternates

Global Liquidity Tracker: India-Focused active funds under renewed pressure; Anti-Dollar trades accelerate- New high GEM & Commodity flows

## India-Focused active funds under renewed pressure; Anti-Dollar trades accelerate- New high GEM & Commodity flows

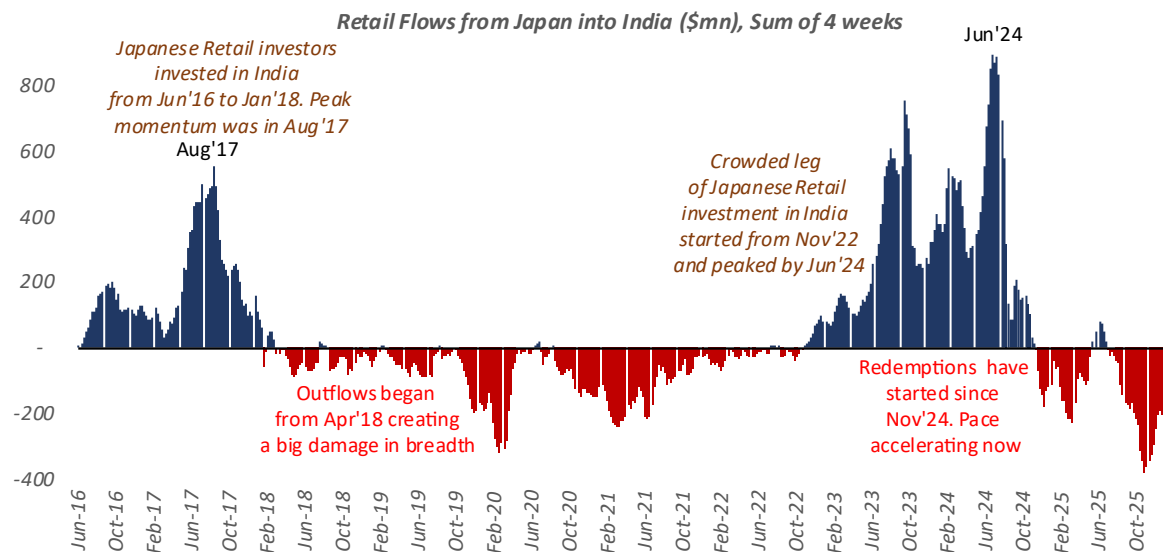
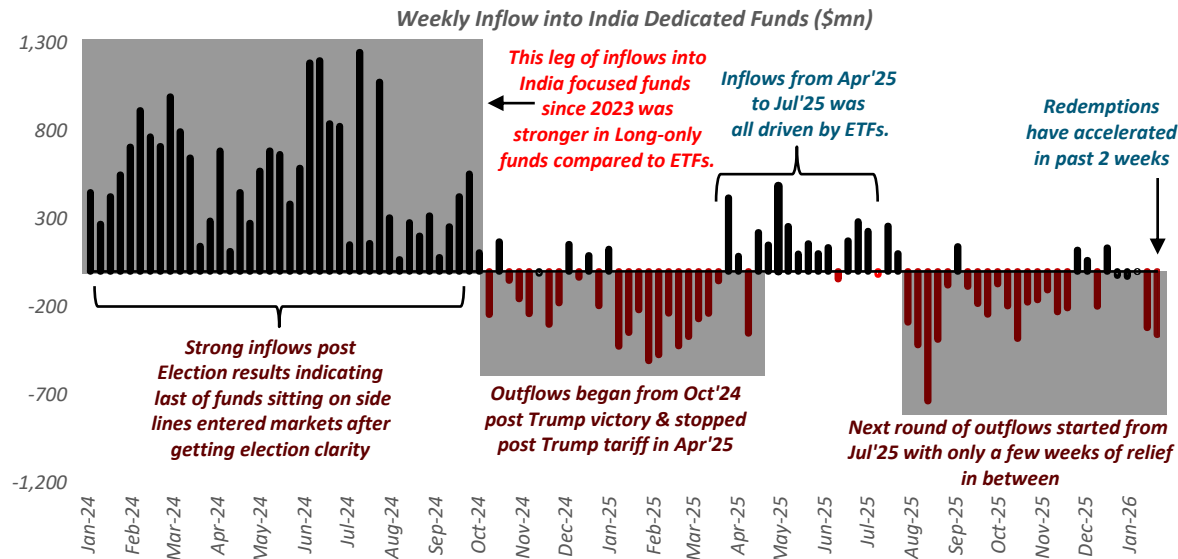
A fresh leg of redemptions has re-emerged in India-focused funds, following a 6-week lull between 20 Nov '25 and 6 Jan '26. In our 1 August 2025 report, "**Strategic flows retreating from India after 3-years**", we outlined why India-dedicated, bottom-up long-only flows were likely to remain structurally weak. Subsequent developments have reinforced this view. While intermittent pauses in redemptions have occurred, the underlying long-term trend remains negative.

Over the past 2 weeks (since 8 Jan'26), India-dedicated funds witnessed outflows of \$680mn (\$320mn last week and \$360mn this week). **The selling pressure is entirely concentrated in long-only strategies (\$645mn).** The current redemption cycle has been driven primarily by Luxembourg-domiciled funds (\$330mn), followed by Japan funds (\$170mn). **Notably, redemptions from Japan-based funds are largest in 14 weeks, extending a trend of sustained pressure since Nov'24.** In contrast, US- and Ireland-domiciled funds have remained largely stable, with US exposure to India remaining ETF-driven and relatively resilient.

**This divergence highlights a growing structural shift: India is increasingly being approached as a top-down allocation rather than a bottom-up conviction trade by foreign investors.** While India-focused active funds continue to face persistent redemption pressure, accelerating GEM inflows are simultaneously driving tactical, index-led allocations into India, masking the weakness in dedicated long-only participation.

**At the global level, the anti-dollar theme remains firmly in play, reflected in strong inflows into GEM and commodity-linked assets.** GEM fund inflows accelerated further to record \$8bn this week, following \$6.6bn last week, marking the strongest inflow phase since Jan-Mar '23. Industrial commodity and gold funds recorded 8 weeks of inflows, **while silver flows have softened modestly over past four weeks.** Meanwhile, commodity equity fund inflows surged to a fresh record of \$6.5bn.

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