

HDFC AMC International (IFSC) Limited

GIFT City Retail Outbound Fund

Frequently Asked Questions (FAQs)

Disclaimer: This FAQ is for general guidance only and does not constitute investment, tax, or legal advice.

PRODUCT OFFERINGS

1. What investment products are available for global investments?

HDFC AMC International (IFSC) Limited currently offers two “Outbound Retail Funds”:

- (i) HDFC International – Developed Markets Equity Fund
- (ii) HDFC International – Emerging Markets Equity Fund

2. What are the minimum investment amounts and Total Expense Ratio (TER)?

Class of Units	Minimum Initial Subscription	Total Expense Ratio (TER)	Additional Subscription
A (Direct Plan)	USD 5,000 & above	0.50 % p.a.	USD 500
B (Regular Plan)	USD 5,000 & above	1.00 % p.a.	USD 500

WHO CAN INVEST

3. Who is eligible to invest in the Outbound Retail Funds?

Following can invest in the Retail Funds:

- (a) Resident individuals (including minors, through a guardian)
- (b) eligible non-individual resident entities (i.e. Corporates, Partnership/LLPs)
- (c) NRIs/OCIs and other eligible foreign investors. (except US and Canada)

4. Who cannot invest in the Outbound Retail Fund?

HUFs and Trusts cannot invest in the Outbound Retail Funds under OPI Routes.

5. Through which bank account a resident individual can invest in the HDFC Retail Fund?

A resident can invest in the HDFC Retail Fund through any of the below mentioned accounts:

- 1. through their savings bank account in India;
- 2. through their overseas bank account;
- 3. through their Foreign currency bank account opened at GIFT City.

6. Can I receive my HDFC Retail Fund redemption proceeds in my Overseas bank account or Foreign Currency Bank at GIFT City?

Yes, A resident individual may receive redemption proceeds in an Overseas bank account or Foreign Currency Bank at GIFT City.

7. What is LRS and what is the current limit?

The Liberalised Remittance Scheme (LRS) is an RBI facility that allows resident individuals to remit funds abroad for permitted current and capital account purposes, including investments in foreign securities and funds. Eligibility is strictly determined by individual residency status under FEMA rules, completely independent of an individual's nationality or citizenship. This framework includes minors, provided the mandatory LRS declaration form (Form A2) is explicitly countersigned by their natural or legal guardian.

The current limit is **USD 250,000** per Financial Year (April–March) per individual, and it applies cumulatively across all purposes (education, travel, medical, investment, etc.) and across all authorised dealer banks.

Note: Non-Resident Indians (NRIs) do not fall under LRS; their outward remittance allocations are managed separately via dedicated NRE/NRO account repatriation limits.

8. What is the OPI (Overseas Portfolio Investment) route, and how is it different from LRS?

OPI is the route under FEMA through which certain resident entities can invest foreign securities (other than ODI). Further, RBI has permitted the residents entities to invest in all types of instruments issued by overseas investment funds or vehicles established within an International Financial Services Centre (IFSC).

Following resident entities are eligible to remit through OPI route: A company, body corporate, limited liability partnership and registered partnership firm.

The maximum limit of making OPI is **50% of the net worth of Indian Entities** as on the date of its last audited balance sheet.

9. Under LRS are resident individuals required to repatriate the income earned on investments?

The investor who has remitted funds under LRS can retain and reinvest the income earned from his investments made under the Scheme. However, the received/realised/unspent/unused foreign exchange, unless reinvested, shall be repatriated and surrendered to an authorised person within a period of 180 days from the date of such receipt/realisation/purchase/acquisition or date of return to India, as the case may be. Further, any additional repatriation requirement with respect to investments made under Overseas Investments Rules and Regulations, 2022 shall also be adhered to.

TAX COLLECTED AT SOURCE (TCS) ON LRS

10. What is applicability of Tax Collected at Source (TCS) on my investment?

Tax Collected at Source (TCS) at the rate of 20% would be collected on the investment amount in excess of INR 10 lakhs by the remitting bank (i.e. Authorised Dealer) of the Investor on LRS outward remittances.

TCS is applicable on remittances made under the LRS scheme of RBI which is meant for Resident Individuals only.

11. Is the TCS an additional, final non-refundable tax? How can an investor recover it?

No. TCS is not a final or separate tax levy. It operates dynamically as an advance tax collected by the Authorized Dealer (AD) bank against your unique PAN. The TCS will reflect in Investor's Form 26AS and Annual Information Statement (AIS). Investors can claim credit of the same against their income tax liability while filing their Return of Income.

TAXATION

12. What is the taxation in the Outbound Retail Fund(s)?

Outbound Retail Fund (s) is set up as an irrevocable contributory determinate investment trust and is registered with the International Financial Services Centres Authority ('IFSCA') as a Retail Fund under the IFSCA (Fund Management) Regulations, 2025.

Typically, the taxability of a Fund depends on the structure of the Fund. Since the Fund is set up as a "Trust", the Fund would be taxed as per the general principles of taxation of trusts.

The Fund will discharge taxes on the income earned by it. The Fund will pay tax on income from its investments as per the applicable tax rates. All taxes are paid using the fund's PAN and do not appear against the investor's PAN.

13. What is the tax rate applicable to the Fund?

Current rates of tax on income from ETFs is mentioned below. The same may be subject to change as notified by the Government from time to time.

Security Type	Holding period for Long Term Gains	Long Term Capital Gain Tax Rate**	Short Term Capital Gain Tax Rate**
Exchange Traded Funds (ETFs)	24 months	14.95%	42.74%

**including surcharge & health and education cess

14. Would the income from the Outbound Retail Fund(s) be taxed in the hands of investors in India?

As the tax liability is discharged at the Fund level on the entire income earned by the Fund (in the capacity of a representative assessee) at the applicable tax rates. Gains on redemption of units by the investors should not be taxable again in their hands in India.

15. Will the Outbound Retail Fund(s) withhold any taxes at the time of distribution of income to the investors in India?

The Outbound Retail Fund(s) offers only growth plan to its investors. Accordingly, no income is declared or paid to investors, and therefore no withholding will be made by the Fund in India. Sale/ redemption of units by investors will be net of tax and hence no further withholding will be made by the Fund.

16. Are the investments made in Outbound Retail Fund(s) required to be disclosed under Schedule Foreign Assets in the Income Tax Return (ITR) of the Investors?

In our view, the Investor should not be required to disclose their investments in the Fund under the Schedule of Foreign Assets in their ITR as they hold units of the Fund which is domiciled in India.

17. How would the investors disclose income from the Fund while filing their return of income?

As mentioned above, the taxes on income earned by the Fund is discharged at the Fund level, any gains on transfer of units of the Fund will not be again taxed in the hands of the investors. The investor would have to show income from the Fund as an exempt income. In the schedule for "Details of Exempt Income" of the ITR.

NAV

18. How is the NAV computed? NAV published on daily basis (website and account statement), is pre-tax or post tax?

The Fund will publish NAVs post considering the applicable taxes.

- “Long term post-Tax NAV”: This NAV will be computed after providing for Taxes (i) on realized income at applicable tax rates; (ii) at the rate of 14.95% for computing Tax on unrealized capital gains and (iii) at the rate of 42.74% on any other income (if any).
- “Short term post-Tax NAV”: This NAV will be computed after providing for Taxes (i) on realized income at applicable tax rates; (ii) at the rate of 42.74% for computing Tax on unrealized capital gains in case of Short term post-Tax NAV and (iii) at the rate of 42.74% on any other income (if any).

The Subscription to the Units of the Fund after the expiry of the Initial Offer Period, including the purchase of Units and Additional Subscription will be at the Long term post-Tax NAV.

The redemption of Units of the Fund (including compulsory redemption, transfer, transmission and switch) will be either at Long term post-Tax NAV or Short term post-Tax NAV, depending upon the period of holding of the Units of the Fund by the Investors.

The following rules would apply in this regard:

- Investors redeeming up to 24 months from the date of subscription of Units: NAV on redemption will be Short term post-Tax NAV.
- Investors redeeming post expiry of 24 months from the date of subscription of Units: NAV on redemption will be Long term post-Tax NAV.

DISCLAIMER:

THE INFORMATION SET OUT IS NEITHER A COMPLETE DISCLOSURE OF EVERY MATERIAL FACT OF THE IT ACT NOR DOES IT CONSTITUTE TAX OR LEGAL ADVICE. INVESTORS SHOULD BE AWARE THAT THE FISCAL RULES/ TAX LAWS MAY CHANGE AND THERE CAN BE NO GUARANTEE THAT THE CURRENT TAX POSITION MAY CONTINUE INDEFINITELY. IN VIEW OF THE INDIVIDUAL NATURE OF THE TAX CONSEQUENCES, EACH INVESTOR IS ADVISED TO CONSULT HIS/ HER OWN PROFESSIONAL TAX ADVISOR.

PLEASE CONSULT YOUR TAX EXPERT PRIOR TO INVESTING IN THE FUND.

INVESTMENT IN RETAIL FUNDS ARE SUBJECT TO MARKET RISKS, READ THE OFFER DOCUMENT AND ALL RELATED DOCUMENTS CAREFULLY BEFORE INVESTING.