DIFC Funds 2026: Who Holds the Responsibility?

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To many people and institutions, a fund is all about investments through venture capital, private equity, public markets or a multi-asset approach. But in reality, it is more than this. The success of the fund largely depends on the people and institutions responsible for managing, administering, safeguarding and overseeing it.

This in particular holds relevance for the Dubai International Financial Centre (DIFC), an institution where funds and the asset management ecosystem continue to expand.

The Dubai Financial Services Authority (DFSA) 2025 Annual Report highlights that DIFC's fund management sector has grown to 121 Authorised Firms and 276 funds. Within the broader wealth and asset management sector, assets under management have reached US$176 billion, up 4% year on year, while assets under advisory stood at US$220 billion, up 22% year on year. DIFC is also home to 87 registered hedge funds, making it a top-five global hub for hedge funds.

The numbers indicate how the ecosystem is growing, giving a clear understanding of who holds the responsibility, as this is an important part of understanding the fund itself.

The Fund Manager: Where Investment Decisions Sit
At the centre of a fund is the fund manager.

The fund manager is not only responsible for implementing the investment strategy and making investment decisions in line with the established mandates and guidelines of the fund. It is not just about selecting the assets; it also involves portfolio management, governance, risk management, controls and ensuring that the fund operates within the defined framework. Strategy alone is not going to work, as it may only define where the investment should be made, but the manager knows how the strategy would be executed. For investors, understanding the manager's investment mandate and operating model is therefore an important part of understanding the fund.

The Administrator: Turning the Structure into an Operating Fund
Behind the investment decisions sits the fund administrator.

Administration is the operational backbone of every business, and the same applies to funds. Maintaining records, processing subscriptions and redemptions, maintaining investor registers, calculating or supporting NAV processes, and handling reporting requirements all form part of fund administration and are taken care of by the administrator. The administrator connects the fund's investment structure with its day-to-day functioning. This is an area where a well-designed operating model can make a significant difference as a fund grows.

The Custodian or Trustee: Safeguarding the Architecture

The role of a custodian or trustee adds another important layer.

Fund structure not only involves the safekeeping of assets but also defines oversight responsibilities. There is a clear division of roles between investment management and asset safeguarding, creating a clear separation within the fund ecosystem. In practical terms, this means that the person making investment decisions and the institution responsible for defined safeguarding functions are not necessarily the same participant. That separation is an important feature of institutional fund architecture.

The DFSA: Building the Regulatory Framework
The DFSA provides the regulatory framework within which regulated DIFC funds operate.

In July 2026, the DFSA published Consultation Paper 173 (CP 173), proposing significant updates to its Collective Investment Fund framework. DIFC's fund regime includes different categories designed for different investor and fund profiles, including Public Funds, Exempt Funds and Qualified Investor Funds (QIFs). The consultation represents the most substantial review of the framework since 2010 and proposes greater flexibility for hybrid and multi-strategy funds, updates to master-feeder structures, and changes to investment manager authorisation requirements. The framework is also evolving with the market.

For the industry, this reflects an important direction: fund regulation continues to develop alongside the strategies, structures and investor requirements emerging in international markets.

New Structures, New Possibilities
2026 has also brought developments in the wider DIFC structuring landscape.

A VCC can be established as a standalone company or as an umbrella structure with incorporated or segregated cells. In February, DIFC enacted its Variable Capital Company (VCC) Regulations, introducing a flexible vehicle for proprietary investment and asset-management structures. For investors and investment businesses managing multiple strategies or asset pools, this creates another structuring option within the DIFC ecosystem. It also illustrates an important point: fund structuring is no longer simply about choosing a fund vehicle. It is about designing an architecture that matches the investment objective, governance model and operating requirements. Its share capital is linked to net asset value, providing flexibility around capital inflows, outflows and distributions.

The Investor: Understanding the Complete Picture
Responsibility also begins with the investor.

There are various aspects to consider, including the fund's strategy, structure, liquidity, profile, fees and governance arrangements, as well as the respective roles of the manager, administrator, custodian or trustee, and other service providers. The more clearly these roles are understood, the easier it becomes to view a fund not simply as an investment product but as a complete investment structure.

So, who holds the responsibility?
The answer is not one participant.

1.The fund manager manages the investment strategy.
2.The administrator supports the operational framework.
3.The custodian or trustee performs defined safeguarding and oversight functions.
4.The DFSA provides the regulatory framework.
5.The investor understands the structure and investment mandate.

A modern fund is more than just a vehicle for pooling capital. It is an ecosystem of capital, investment expertise, governance, administration and working regulation together. With 121 authorised fund-management firms, 276 funds and US$176 billion in assets under management, the ecosystem has developed significant depth.

For anyone considering launching, managing or investing through a DIFC fund, one principle remains particularly useful: Keep asking questions as to how to choose a fund and what the structure would be, and have a clear understanding of what you want to build and who needs to be responsible for each part of it.