Edelweiss Nifty REITs & Realty Index Fund opens for subscription. Can its 60:40 REIT-realty mix deliver?

By Surbhi Khanna, Published on: Aug 05, 2026.

First of its kind

This fund offers investors with exposure to a portfolio of listed Real Estate Investment Trusts (REITs) and leading real estate companies through a single investment. The fund house describes this fund as - from skyline to portfolio, the new way to invest in Indian real estate. The fund will allocate 95-100% in securities covered by Nifty REITs & Realty Index and 0-5% in debt and Money market instruments.

What experts say: REITs & Realty Index Fund vs direct REITs — which is better?

Experts typically ask investors to avoid investing in NFOs unless they offer something unique. The uniqueness could be that the scheme is offering an investment option that is not available in the market or offering something extra to an existing option. Otherwise, the experts believe investors are better off with an existing scheme with a long performance record. This is because you have some historical data to base your investment decision. You don't have any data when it comes to new offerings.

Radhika Gupta, MD & CEO, Edelweiss Mutual Fund told ETMutualFunds that real estate has always been an important asset class, but accessing it has either meant buying physical property or picking individual REITs or real estate stocks. This fund makes that much simpler.

It gives investors exposure to both listed REITs and listed real estate companies in one investment; compared to buying individual REITs, it offers diversification and a simpler tax experience through the mutual fund structure and compared to a diversified equity fund, it provides dedicated exposure to the real estate sector rather than a small allocation decided by the fund manager, she further said.

Vishal Dhawan, Founder & CEO, Plan Ahead Wealth Advisors shared with ETMutualFunds that this fund is a satellite allocation tool, where an investor can consider investing 5% to 10% of a well-diversified portfolio and it plays a unique dual role by bridging income stability and capital growth by combining yield-backed distributions of commercial REITs with the equity growth upside of property developers.

Dhawan further said that broad market funds hold less real estate exposure. If an investor wants exposure to India's commercial and residential real estate expansion, this index fund gives an allocation that combines both REIT rental yields (60%) and developer growth (40%). So buying REITs directly in a demat account requires evaluating individual REITs and managing tax reporting on quarterly cash payouts and this index fund simplifies everything into a single SIP or lump-sum vehicle, combining listed REITs and developer stocks under one vehicle.

REITs but no InvITs: What does it mean for portfolio diversification?

The fund doesn't provide exposure to InvITs. When Radhika Gupta announced the fund on her X account and outlined where it would invest, investors had a query that why doesn't the fund combine both Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) into a single passive scheme?

Dhawan said that InvITs do provide another layer of diversification; however, from a regulatory standpoint, under SEBI guidelines, REITs are classified as equity-like instruments for index construction so excluding InvITs allows the scheme to maintain its classification as an equity-oriented fund, preserving standard equity tax treatment for unitholders.
From an asset perspective, InvITs own infrastructure like power transmission lines, toll roads, etc. REITs own commercial office parks, retail malls, hospitality assets, etc so keeping InvITs out ensures this remains a pure-play Real Estate strategy rather than a blended infrastructure product, Dhawan further said.

Responding to this query, Gupta on social media platform X explained that the answer lies in the current regulatory framework governing passive funds. According to Gupta, REITs are classified as equity instruments, whereas InvITs are treated as hybrid instruments. Combining the two would change the nature of the product from an equity index fund to a hybrid index fund, which is currently not permitted under SEBI's regulations for passive funds.

Gupta told ETMutualFunds that this fund tracks the Nifty REITs & Realty Index, so it invests only in the securities that are part of that index and the objective is to give investors focused exposure to India's listed real estate ecosystem through a transparent, rules-based passive strategy.

Who should invest and what allocation is suitable?

According to Edelweiss Mutual Fund, the fund is suitable for investors who are seeking long-term capital appreciation and want returns that are in line with the performance of the Nifty REITs & Realty Total Return Index, subject to tracking errors.

Gupta in her social media post said that the fund will offer diversified exposure to an asset class that has already attracted significant institutional participation and continues to benefit from favourable long-term growth trends.

Commenting on the fund's suitability, Gupta told ETMutualFunds that this fund is meant for investors looking to add dedicated exposure to the listed real estate sector as part of a long-term portfolio and it combines the income potential of REITs with the growth opportunity of listed real estate companies.

The right allocation depends on an investor's overall portfolio, financial goals and risk appetite. Investors should decide this in consultation with their financial advisor, she further said.

Dhawan said that this fund is built for long-term equity investors looking to play India's real estate and commercial leasing cycle without the capital outlay, liquidity lock-ins, or physical hassle of buying actual property and for a standard investor who has low exposure to real estate, a 5% to 10% satellite allocation could be a start.

However, for an investor who already owns significant physical real estate, adding this fund will increase the overall concentration risk of the portfolio; so if you already own residential or commercial property, a large portion of your personal wealth is already tied to real estate prices and if the investor wants liquidity with real estate exposure, then replacing the current physical real estate exposure with this fund could provide investors required liquidity and the real estate exposure.

REITs vs realty stocks: Is the 60:40 allocation a risk if one segment lags?

The fund aims to mirror the returns of Nifty REITs & Realty Total Return Index, subject to tracking error and at present, the composition of the index construct is nearly 60% in Indian REITs and 40% in realty stocks.

Gupta in her social media post highlighted that the Nifty REITs & Realty Total Return Index has been designed to increase its allocation to REITs as more REITs get listed in India. Over time, the index has the potential to evolve into a 100% REIT-focused index, allowing investors to benefit from the growing listed REIT market.

Dhawan said that it’s a trade-off by design; in a booming property market where developer stocks are skyrocketing, having 60% of the fund locked into steady REITs will hold your returns back and you may not capture the upside that a pure real estate stock fund would.

“But the flip side is that is what protects you when things cool down. If developer stocks take a hit, that 60% in REITs creates steady rental income, which cushions the fall and protects your capital. So, while you give up some of the highs in a stock rally, you will probably get a smoother, less volatile experience. Therefore, the structure of the fund is created to act as a balance with respect to risk and return. This could impact the return but also potentially reduce the risk,” Dhawan Further said .

Gupta shared with ETMutualFunds that the current allocation reflects the composition of the underlying index; REITs and real estate companies serve different roles—REITs typically provide relatively stable income, while real estate companies offer growth potential.

Importantly, the index is designed to evolve with the market and as more REITs get listed and the market matures, the allocation to REITs can gradually increase, even up to 100%, she further said.

The fund house believes that five factors are driving the upcycle in the real estate sector which includes - urbanisation & rising incomes, infrastructure led development, GCCs driving office demand, manufacturing & logistic expansion, and rising institutional capital.

Gupta in her social media post said that the new index fund seeks to overcome these challenges by providing diversified access to India's listed real estate ecosystem through a mutual fund.

Commenting on the triggers, Gupta shared with ETMutualFunds that we don't think there is one single trigger; the long-term opportunity comes from the continued formalisation and growth of India's real estate market and as the sector grows and the listed REIT market expands, investors get a larger, more diversified opportunity set through a single index fund.

Dhawan said that while rental growth, physical property demand, and new REIT listings are all strong boosters, the interest rate trajectory will be one of the most important macroeconomic triggers for this fund over the next three to five years.

“Interest rate cuts act as a dual engine for this strategy: they directly lower debt-servicing costs for real estate developers to expand their profit margins, while simultaneously making the existing yields offered by commercial REITs far more attractive as fixed-deposit rates drop. “

As Global Capability Centres continue absorbing Grade-A office space across major Indian cities, a favourable interest rate environment could provide the primary catalyst driving both unit-price appreciation and steady cash distributions, Dhawan further said

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