

Risk Return Hierarchy of hybrid funds

Arbitrage fund –
 Equity savings fund –
 Conservative hybrid fund –
 Dynamic asset allocation fund –
 Multi asset allocation fund –
 Balanced hybrid fund –
 Aggressive hybrid fund

As we move from left to right, the risk levels in different categories of mutual fund schemes can be understood with the help of product labelling of Mutual Funds.

Fund Type	Objective	Composition
Arbitrage Fund	Generate low-risk returns by exploiting price differentials	Equity (hedged with derivatives) + Debt
Equity Savings Fund	Moderate returns with lower volatility	Equity (partially hedged) + Unhedged Equity + Debt
Conservative Hybrid Fund	Stable income with limited equity exposure	75–90% Debt + 10–25% Equity
Dynamic Asset Allocation Fund	Optimize returns by shifting equity-debt allocation dynamically	Equity + Debt (allocation based on market models)
Multi Asset Allocation Fund	Diversification across multiple asset classes	Minimum 3 asset classes (e.g., Equity + Debt + Gold)
Balanced Hybrid Fund	Balanced income and growth	40–60% Equity + 40–60% Debt
Aggressive Hybrid Fund	Capital appreciation with higher equity tilt	65–80% Equity + 20–35% Debt