Arbitrage Funds

Arbitrage funds are hybrid mutual funds that generate returns by using the strategy of simultaneously buying and selling of securities in different markets to take advantage of different prices. No stock market risk as the buying and selling price of a stock is known to fund manager.

Arbitrage funds are low risk schemes like fixed income funds. They are ideal for investors with a low risk appetite who are looking for better tax-adjusted returns. For investors in the highest tax slab, arbitrage funds are more suitable in the short-term than debt funds.

