



Custodian



- Custodians play a critical role in the operation of mutual funds.
- They are responsible for safeguarding the assets of the fund and ensuring that the fund's transactions are executed accurately and in **compliance** with regulatory requirements.
- There are several key entities involved in the operation of a mutual fund, including:



Sponsor



- The sponsor is the entity that establishes the mutual fund and obtains regulatory approval to operate it.
- The sponsor may be a financial institution, an asset management company, or another organization.
- The sponsor is responsible for setting up the fund and appointing the trustees and the asset management company (AMC).



Trust



- Trusts play a fundamental role in the structure and operation of mutual funds.
- a trust is a legal entity that holds and manages the assets on behalf of investors.
- **Formation of the Trust:** A mutual fund is typically structured as a trust.
- The trust is established by a sponsor, which could be a financial institution, an asset management company, or another entity.
- The trust is created by a trust deed or an indenture, which outlines the rules and regulations governing the operation of the fund.



Asset Management Company



- An Asset Management Company (AMC), also known as an **Investment Management Company** or Fund Management Company, plays a central role in the operation of mutual funds.
- The Asset Management Company is a critical entity in the mutual fund ecosystem, responsible for **managing the fund's investments, ensuring regulatory compliance, and facilitating the distribution of fund units.**
- Investors rely on the expertise of the AMC's professionals to achieve their investment goals within the framework of a mutual fund.