

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

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Name of Investment Adviser:

**Sparrow Wealth Management**

Address: (Number and Street)

**330 East Main Street**

(City)

**Macungie**

(State)

**PA**

(Zip Code)

**18062**

Area Code: Telephone Number:

**(877) 330-9191**

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

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**(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)**

**Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.**

**FORM ADV****Part II - Page 2**

Applicant:

Sparrow Wealth Management

SEC File Number:

801-70995

Date:

01/10/2010

**1. A. Advisory Services and Fees.** (check the applicable boxes)For each type of service provided, state the approximate % of total advisory billings from that service.  
(See instruction below.)**Applicant:**

- |                                     |     |   |                  |
|-------------------------------------|-----|---|------------------|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services . . . . .  | <u>91%</u>       |
| <input type="checkbox"/>            | (2) | Manages investment advisory accounts not involving investment supervisory services . . . . .  | <u>    %    </u> |
| <input type="checkbox"/>            | (3) | Furnishes investment advice through consultations not included in either service described above . . . . .  | <u>    %    </u> |
| <input type="checkbox"/>            | (4) | Issues periodicals about securities by subscription . . . . .   | <u>    %    </u> |
| <input type="checkbox"/>            | (5) | Issues special reports about securities not included in any service described above . . . . .   | <u>    %    </u> |
| <input type="checkbox"/>            | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . . | <u>    %    </u> |
| <input checked="" type="checkbox"/> | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .   | <u>9%</u>        |
| <input type="checkbox"/>            | (8) | Provides a timing service . . . . .   | <u>    %    </u> |
| <input type="checkbox"/>            | (9) | Furnishes advice about securities in any manner not described above . . . . .   | <u>    %    </u> |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- |           |   |          |                                |
|-----------|---|----------|--------------------------------|
| <b>B.</b> | Does applicant call any of the services it checked above financial planning or some similar term? . . . . . | Yes<br>X | No<br><input type="checkbox"/> |
|-----------|---|----------|--------------------------------|

**C.** Applicant offers investment advisory services for: (check all that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management      | <input type="checkbox"/> (4) Subscription fees |
| <input checked="" type="checkbox"/> (2) Hourly charges                               | <input type="checkbox"/> (5) Commissions       |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other             |

**D.** For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> A. Individuals                      | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations         |
| <input type="checkbox"/> B. Banks or thrift institutions                | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe on Schedule F)                                  |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |   |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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Applicant:

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80170995

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**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities                   | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities         |  |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> I. Options contracts on:                          |
| <input type="checkbox"/> (3) foreign issues                                | <input type="checkbox"/> (1) securities                                    |
|  | <input type="checkbox"/> (2) commodities                                   |
| <input type="checkbox"/> B. Warrants                                       | <input type="checkbox"/> J. Futures contracts on:                          |
| <input checked="" type="checkbox"/> C. Corporate debt securities           | <input type="checkbox"/> (1) tangibles                                     |
| (other than commercial paper)  | <input type="checkbox"/> (2) intangibles                                   |
| <input type="checkbox"/> D. Commercial paper                               | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input checked="" type="checkbox"/> E. Certificates of deposit             | <input checked="" type="checkbox"/> (1) real estate                        |
| <input checked="" type="checkbox"/> F. Municipal securities                | <input type="checkbox"/> (2) oil and gas interests                         |
|  | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| <input type="checkbox"/> G. Investment company securities:                 | <input checked="" type="checkbox"/> L. Other (explain on Schedule F)       |
| <input checked="" type="checkbox"/> (1) variable life insurance            |  |
| <input checked="" type="checkbox"/> (2) variable annuities                 |  |
| <input checked="" type="checkbox"/> (3) mutual fund shares                 |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

## A. Applicant's security analysis methods include: (check those that apply)

- |  |   |
|--|---|
| (1) <input type="checkbox"/> Charting    | (4) <input type="checkbox"/> Cyclical                                 |
| (2) <input type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical   |   |

## B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services  |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input type="checkbox"/> Corporate rating services                        | (8) <input type="checkbox"/> Other (explain on Schedule F)  |

## C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions  |
| (2) <input type="checkbox"/> Short term purchases<br>(securities sold within a year)             | (6) <input type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                            | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input type="checkbox"/> Short sales   |   |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... Yes No  
X

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- formal education after high school
- year of birth
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- X A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?..... Yes No  
☐ X

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:

Sparrow Wealth Management

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**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? . . . . . Yes No
- X ☐

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Sparrow Wealth Management conducts account reviews on a monthly basis. The purpose of the review is to determine if the current asset allocation for the portfolio is significantly out of tolerance with the desired allocation, which is based upon the client's Investment Policy Statement. When a client portfolio is significantly out of tolerance, the assets may be reallocated to keep the portfolio allocation consistent with the client's Investment Policy Statement. Also, client accounts may be reviewed more often depending on market conditions. Accounts are reviewed by Christopher M. Jones, the President of the firm.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

These reports will show the client's current account holdings (by asset class), the actual performance of the portfolio (by asset class) during the most recent one-year period, and the actual performance of the portfolio since Sparrow Wealth Management, or its predecessor firm, Keystone Financial Planning, started to manage the account. Sparrow Wealth Management provides quarterly investment reports to asset management clients. In addition to the reports that the clients receive from Sparrow Wealth Management, they will also receive monthly statements and trade confirmations directly from their custodial/brokerage firm.

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Applicant:

Sparrow Wealth Management

SEC File Number:

80170995

Date:

01/10/2010

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

(1) securities to be bought or sold? . . . . .

Yes No

X ☐

(2) amount of the securities to be bought or sold ? . . . . .

Yes No

X ☐

(3) broker or dealer to be used ? . . . . .

Yes No

☐ X

(4) commission rates paid? . . . . .

Yes No

☐ X

B. Does applicant or a related person suggest brokers to clients? . . . . .

Yes No

X ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? . . . . .

Yes No

X ☐

B. directly or indirectly compensates any person for client referrals? . . . . .

Yes No

☐ X

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities unless applicant is registered or registering only with the Securities and Exchange Commission; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? . . . . .

Yes No

☐ X

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
<b>Sparrow Wealth Management</b>	801-70995	<b>01/10/2010</b>

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Sparrow Wealth Management</b>		
Item of Form (identify)	Answer	
1. D.	<p>Sparrow Wealth Management (SWM) is a fee-only financial planning and asset management company. SWM provides a variety of services for individuals, families, trusts, and businesses. Approximately ninety-one (91%) percent of SWM's total billings shall be attributable to investment supervisory service activity and approximately nine (9%) percent shall be attributable to consulting about non-securities related matters.</p> <p><b><u>Financial Planning Services</u></b></p> <p>SWM offers new clients the opportunity to do a comprehensive financial plan. This plan includes a detailed review of the client's personal and financial goals, a cash flow analysis, tax planning, education planning, retirement planning, an insurance analysis, estate planning, and an investment evaluation. SWM provides the client with a written summary, a task list that the client should begin working on, and a recommended investment allocation based on the client's specific situation and risk tolerance. Before SWM can start working on the comprehensive financial plan, the client will need to sign a <i>Comprehensive Financial Planning Agreement</i>. The fee for the comprehensive financial plan ranges from \$2,000 to \$10,000, depending on the expected time and complexity of the engagement. The entire fee will be due upon completion of the financial plan.</p> <p>SWM offers hourly financial planning services to asset management clients who may or may not have completed a comprehensive financial plan. These services include updating a client's profile, updating a client's task list, reviewing the client's personal and financial goals, calculating the client's net worth, doing a cash flow analysis, tax planning, education planning, retirement planning, advising the client on corporate benefits, reviewing the client's insurance needs, estate planning, doing an investment evaluation, and providing other financial advice that the client requests help with. Hourly financial planning services are available anytime throughout the year, but clients mainly use them during their annual review. In order to begin these services, clients will need to sign an <i>Hourly Financial Planning Agreement</i>. The fee for hourly financial planning is \$200 / hour. SWM does not charge asset management clients hourly fees for the following financial planning services: updating the client's profile, their task list, their goals, and their net worth. Fees will be billed monthly, in arrears. Clients may terminate the <i>Hourly Financial Planning Agreement</i> at any time. Furthermore, the advisory client shall enjoy a five day penalty free right of rescission.</p> <p><b><u>Asset Management Services</u></b></p> <p>SWM offers asset management services for high net worth clients. The process for providing asset management begins with the establishment of the client's goals, objectives, time horizon, and risk tolerance. SWM works with the client to understand these critical components. Then, SWM assists the client in developing an Investment Policy Statement that clearly shows how the client's assets will be allocated across the various asset classes or risk factors. In developing the Investment Policy Statement, the first decision that must be made is how much of the client's assets to invest in fixed income and how much to invest in equity. Then, SWM allocates the equity portion of the client's portfolio across the following asset classes—U.S. and international, small and large, and value and growth. For the fixed income portion of the portfolio, SWM primarily invests in short-term bonds, intermediate bonds, and inflation-adjusted bonds. <u>Depending on the client's specific needs and goals</u>, SWM may decide to use additional asset classes (not mentioned above), or SWM may exclude some its standard asset classes.</p>	

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
<b>Sparrow Wealth Management</b>	801-70995	<b>01/10/2010</b>

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Sparrow Wealth Management</b>	
Item of Form (identify)	Answer
	<p>SWM's basic investment philosophy is firmly rooted in the conviction that securities markets are generally efficient and that <u>investment returns are primarily determined by asset allocation rather than by market timing or stock picking</u>. Therefore, asset class investments are mostly implemented through the use of no-load, passively structured mutual funds, conventional index funds, and real estate investment trusts (REITs). Most of the funds that SWM uses are only available to institutional investors and approved investment advisors. In rare cases, SWM will use actively managed funds. With regards to selecting funds, SWM is primarily concerned with the fund's management style, consistency, and expense ratios.</p> <p>As explained in Item 11 of Form ADV Part II, SWM conducts monthly account reviews to determine if client portfolios are significantly out of tolerance as compared to the desired asset allocation, which is recorded in the Investment Policy Statement for each client. In addition, SWM may review client portfolios more frequently depending on the market conditions. If a client's portfolio is significantly out of tolerance, SWM may reallocate the portfolio to the asset allocation that is specified in the Investment Policy Statement. The decision to rebalance is based on many factors, including the client's cash flow needs, the degree to which the account is out of tolerance, tax consequences, and trading expenses.</p> <p>SWM will manage the client's assets on a <b>discretionary</b> basis. Before starting, clients will need to sign an <i>Investment Advisory Agreement</i>. The annual charge for asset management is 1.00% of <i>assets under management</i> for amounts up to \$1,000,000, .75% for amounts between \$1,000,000 and \$5,000,000, and .60% for amounts over \$5,000,000. The term, <i>assets under management</i>, generally refers to assets that are held in one or more brokerage account(s) where SWM has a Limited Power of Attorney on the account(s). This fee schedule is negotiable based upon portfolio size and other business considerations. No fee shall be based upon capital gains or capital appreciation of assets. Fees will be paid quarterly, in advance, and they will be based on the market value of the account(s) as of the last day of the prior quarter. No fee shall be paid more than six months in advance. The minimum quarterly fee is \$2,000. Fees for the first quarter will be prorated for the number of days that services are to be provided. Furthermore, the advisory client shall enjoy a five day penalty free right of rescission. If a client wants to have these fees debited directly from their brokerage account, the client must provide a written authorization to do so. The client may terminate SWM's asset management services at any time and a pro-rata refund (by day) of any fees paid will be made to the client.</p> <p>In addition to the above fees charged for SWM's services, each mutual fund or REIT charges on-going management fees for the operations of the fund. These management fees should not be confused with "loads" or commissions. SWM primarily utilizes "no load" funds for its clients, except in rare circumstances. Finally, clients pay transaction fees to their brokerage firm for purchases and sales of mutual funds, securities, and REITs.</p> <p>SWM <b>does not</b> vote proxies for clients. Therefore, our clients retain responsibility for voting proxies on securities held in all their accounts (including the accounts managed by SWM).</p>
3. L.	Any other vehicle which SWM deems appropriate in order to address the individualized needs, goals and objectives of the client.
4. A. (5) 4. C. (7)	SWM <u>does not analyze individual securities</u> through charting methods, fundamental analysis, technical analysis, or any other type of stock picking methodology. As stated previously, SWM's

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**



**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
<b>Sparrow Wealth Management</b>	801-70995	<b>01/10/2010</b>

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Sparrow Wealth Management</b>	
Item of Form (identify)	Answer
	basic investment philosophy is firmly rooted in the conviction that securities markets are generally efficient and that investment returns are primarily determined by asset allocation rather than by market timing or stock picking. SWM's investment strategy is to develop <u>globally diversified portfolios composed of passively structured mutual funds that represent specific asset classes in the global markets</u> . These portfolios, which range in risk from conservative to aggressive, are specifically designed to meet the unique needs of each client.
5.	SWM requires advisors to have a college degree. SWM strongly encourages advisors to remain current in the field by taking continuing education courses and by being involved in professional associations for financial planners and investment advisors.
6.	<p>CHRISTOPHER M. JONES, CFP®</p> <p>Born: September 16, 1972</p> <p>Education Background:</p> <p>Certified Financial Planner™, CFP Board of Standards, 2002</p> <p>College of Financial Planning, CFP Professional Education Program, 2000</p> <p>Brigham Young University, BS in Economics (summa cum laude), 1997</p> <p>Business Background:</p> <p>Sparrow Wealth Management, 01-10 - Present</p> <p>Keystone Financial Planning, 4/01 – 01/10</p> <p>Zdenek Financial Planning, Personal Financial Planner, 11/00 - 4/01</p> <p>Pinney and Scofield, Personal Financial Planner, 7/99 - 10/00</p> <p>Monitor Company, Management Consultant, 8/97 - 6/99</p>
7. A.	<p><b><u>Business Consulting</u></b></p> <p>Christopher M. Jones, the Principal of SWM, provides business consulting services to start-up companies and small businesses. These services may include some or all of the following activities: business development, marketing, operations, investor presentations and education, and employee training.</p>
9. E.	<p>The Principal of SWM uses the same mutual funds and investment vehicles that SWM recommends to clients. These transactions are not prohibited because the trading of mutual funds is not likely to have an impact on the prices of the fund shares. SWM does not make recommendations to clients regarding the purchase of individual securities, so SWM does not have any potential conflict of interest. Also, SWM does not permit any activity that might be considered insider trading.</p> <p>SWM has adopted a written Code of Ethics in accordance with SEC Rule 204A-1. Such Code of Ethics addresses, among other things, the personal securities transaction practices and prohibitions imposed upon associated persons of the firm. A copy of the Code of Ethics is available upon request to all clients and prospective clients.</p> <p>It is the express policy of SWM that no person employed by the firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, therefore, preventing</p>

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
<b>Sparrow Wealth Management</b>	801-70995	<b>01/10/2010</b>

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Sparrow Wealth Management</b>	
Item of Form (identify)	Answer
	<p>such employees from benefiting from transactions placed on behalf of advisory accounts.</p> <p>As these situations represent a conflict of interest, SWM has established the following restrictions in order to ensure its fiduciary responsibilities to our clients: No officer or employee of SWM shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No associated person of SWM shall prefer his or her own interest to that of the advisory client.</p> <p>It is further disclosed that SWM is in full compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, SWM has distributed a firm-wide policy statement and written supervisory procedure statement setting forth what specific steps have been taken to police the dissemination of material nonpublic information.</p>
10.	SWM charges a minimum quarterly fee of \$2,000 for asset management.
12. A. (1) 12. A. (2)	SWM establishes a <i>discretionary</i> relationship with all asset management clients. This type of relationship helps to facilitate the investment process. For example, it allows SWM to rebalance client portfolios when necessary and to request third-party checks for a client.
12. B.	SWM suggests that clients use a discount brokerage/custodial firm that provides access to no-load mutual funds, excellent customer service, leading-edge technology, and is cost effective. The commissions and/or transaction fees charged by the various brokerage/custodian firms that SWM suggests may be higher or lower than those charged by other firms. In seeking "best execution" for clients, the key factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into account the full range of services, including the execution capability, the technological processes used for submitting trades, and other valuable services.
13. A.	<p>It is customary for Custodians to provide certain products and services to investment advisors. Custodians provide SWM with software for downloading information into PortfolioCenter (our portfolio management system), submitting client trades, and deducting advisory fees from client accounts. Additional services provided may include practice management and compliance assistance. SWM <b><u>does not</u></b> utilize any custodian's research products and/or services.</p> <p>SWM feels that receipt of these products and services does not create any type of "conflict of interest" for the client.</p>

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).