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Firm Brochure
(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Sparrow Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (314) 725-6161 and/or email us at gsparrow@sparrowcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Sparrow Capital Management, Inc. also is available on the SEC's website at www.advisersinfo.sec.gov. The searchable CRD number for the firm is 106616.

Sparrow Capital Management, Inc. is a registered investment adviser. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or training.

Item 2. Material Changes

There have been material changes to this brochure since our last annual ADV amendment on February 17, 2023.

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Item 4. Advisory Business

Overview of the Firm:

Sparrow Capital Management, Inc. (“SPARROW”) is an independent, privately-owned investment advisor registered with SEC. SPARROW was established in 1988 by its President, Chief Investment Officer and Chief Compliance Officer, Gerald R. Sparrow, principal owner of SPARROW. SPARROW’s office is located in Saint Louis, Missouri.

Investment Services:

SPARROW provides investment advisory services for individuals, banks, corporations, employee benefit programs, estates, professional organizations and trusts, as well as Sparrow Fund L.P. (“SPLP” or the “Private Partnership”) and Sparrow Growth Fund (“Sparrow Fund” and together with SPLP, the “Funds”). We refer to persons or entities to which we provide investment advice as a “Client” or “Clients.”

SPARROW reviews the investment portfolio of the Client, if any is submitted. Based upon the review and discussions with the Client, the Client’s financial needs and investment objectives are incorporated into the management agreement, and investments that are consistent with such financial needs and investment objectives are made. SPARROW tailors its advisory services to the individual needs of Clients. SPARROW will accept reasonable restrictions on investing in certain securities or types of securities. SPARROW, under the direct supervision of Mr. Gerald R. Sparrow, deals in advisory services in the range of \$100,000 or more of assets for managed accounts; however, smaller accounts are accepted.

Investment Services:

SPARROW offers investment advice to certain clients through our participation in “wrap fee” programs. These programs are offered by brokerage firms to provide their clients with access to non-affiliated investment advisers. There are potentially meaningful differences in the management of accounts participating in wrap fee programs, relative to other accounts managed by SPARROW. SPARROW will receive some portion of the wrap fees associated with participation in wrap fee programs.

Investment Services:

SPARROW has executed a Portfolio Manager Licensing Agreement with Covestor Limited. Covestor Limited (doing business as Interactive Advisors) is an SEC-registered investment adviser affiliated with Interactive Brokers LLC, the broker and custodian for some of our client accounts. Pursuant to that agreement, a SPARROW portfolio manager provides Covestor with information regarding the trading in an IB brokerage account owned by the portfolio manager. The SPARROW portfolio manager trades that account in accordance with a specific investment strategy. Based on this trading data, Covestor creates a portfolio discussed on its website, which Covestor clients may invest in, if Covestor deems it appropriate based on the client’s suitability profile. Covestor mirrors (subject to certain limits) the trading activity in the SPARROW portfolio manager’s brokerage account into the accounts of investing clients using Covestor’s proprietary replication logic. Neither SPARROW nor its portfolio manager offer any investment advice to Covestor clients, have discretionary trading authority over Covestor clients’ accounts, or know the identity or suitability profile of those clients.

Assets under Management:

As of December 31, 2023 SPARROW had assets of \$196,138,101 in discretionary assets under management.

Item 5. Fees and Compensation**Portfolio Management Fees:**

SPARROW provides continuous investment advice to a Client (or makes investments for the Client) based on the Client's individual needs. These investment supervisory services are provided for a fee based on an annual percentage of assets under management.

Annual management fee schedule for the Unconstrained Growth, Sparrow-Freeland Healthcare, and Balanced Portfolios:

On the first	\$500,000	2.00%
On the next	\$500,000	1.80%
On the next	\$1,000,000	1.60%
Over	\$2,000,000	1.40%

Brokerage commissions, custodial fees, transaction costs, wire transfer and electronic fund fees are charged to the account as transactions occur and are in addition to investment advisory fees. One-fourth of the annual fee is paid quarterly, in advance, at the beginning of the calendar quarter (i.e., Jan. 1, April 1, July 1, and Oct. 1). A proportionate amount of the fee will be charged, in advance, for accounts opened between quarters. Management fees are based on the account asset value on the last business day of the calendar quarter just ended and will become due the following day. The fee will be deducted from the Client account. There is a \$2,000 minimum annual fee on accounts in the Unconstrained Growth Sparrow-Freeland Healthcare, and Balanced portfolios. There is no penalty for terminating the Client's account. The Client will receive a refund all prepaid unearned fees on a pro-rata basis upon termination of the agreement.

Additional Compensation:

SPARROW may directly or indirectly compensate a person for Client referrals. SPARROW Clients who are referred by a compensated person as new clients are provided a copy of a Referral Agreement. The Referral Agreement is also available upon request. SPARROW's Referral Agreement is in compliance with the federal regulations as set out in 17 CFR Sections 275.206(4)-3, cash payments for Client solicitations and disclosure the compensation to be paid in connection with the referral. Referral fees are paid as a percentage of the advisory fee; this percentage is negotiable.

Additional Compensation:

Covestor has agreed to compensate the SPARROW portfolio manager under the Portfolio Manager License Agreement for licensing this trading data to Covestor. At this time, Covestor charges its clients wishing to invest in the SPARROW strategy .50% of gross market value of assets invested in the strategy. In accordance with the Portfolio Manager Licensing Agreement, Covestor will retain 0.25% of this fee and remit the remaining .25% to the SPARROW portfolio manager.

Item 6. Performance Based Fees and Side-By-Side Management

SPARROW manages two pooled investment vehicles in addition to its separate account and wrap fee Clients. These pooled investment vehicles have different fee structures and other characteristics that may present potential conflicts of interest in connection with side by side management of various types of Client accounts.

Private Partnership:

Gerald R. Sparrow is the sole general partner of SPLP. SPLP is excluded from the definition of investment company pursuant to Section 3 of the Investment Company Act of 1940. All SPLP investors must meet the accredited investor standard per Rule 501 of Regulation D. SPLP invests in marketable securities, which may overlap, with SPARROW separate account and Sparrow Fund holdings. The SPLP Private Placement Memorandum ("PPM") details all fees associated with an investment in SPLP. SPARROW is not currently required to file Form PF with respect to SPLP as its assets do not meet the regulatory assets under management threshold.

Mutual Fund:

SPARROW is the investment adviser to Sparrow Fund. Investors in Sparrow Fund may pay sales loads and bear the management fees of the Sparrow Fund and certain of its expenses. Sparrow Fund's fee and expense schedule is found in the Sparrow Fund's prospectus.

In accordance with SPLP's limited partnership agreement, Gerald Sparrow has the right to receive performance allocations from SPLP; provided that only SPLP limited partners that are "qualified clients" under the Advisers Act will be charged such allocations. Because Gerald Sparrow is entitled to performance allocations from SPLP and neither he nor SPARROW is entitled to receive performance fees from other Clients, this creates an incentive for SPARROW to favor SPLP over other Clients (e.g., with its "best" investment ideas or by allocating favorable trades to it, among other things). This is a potential conflict of interest. Because SPARROW takes its obligations as a fiduciary with great seriousness and endeavors to treat all Clients fairly at all times, it does not believe that this conflict will adversely affect any Client.

Item 7. Types of Clients

SPARROW generally provides investment advice to the following types of accounts:

- Individuals
- Banks
- Thrift Institutions
- Investment Companies
- Pension and Profit Sharing Plans
- Trusts
- Estates
- Charitable Organizations
- Corporations
- Limited Partnerships
- Wrap Fee Programs

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

Unconstrained Growth Investment Strategy – Formerly World Total Return and Large Cap Strategies

SPARROW invests across market sectors, industries and market capitalization ranges. The Sparrow Unconstrained Growth Strategy objective is to provide the most efficient risk/reward outcome over time. We use screens to identify industries and companies that show above average earning power. Then, we rate stocks using a matrix of various fundamental and quantitative factors. Some of these factors include above-average sales and earnings per-share growth rates. Finally, we review the company's original source material including quarterly reports and participate in quarterly conference calls and webcasts. The screening process helps identify companies that meet specific criteria for growth and other metrics. Our research helps us to diversify the portfolio's holdings across multiple sectors. We often will have different weightings for each sector, as compared to the S&P 500 Index.

Sparrow-Freeland Investment Strategy

The Sparrow-Freedland Healthcare portfolio invests in healthcare-related stocks. In managing this portfolio, SPARROW attempts to identify companies with reasonable valuations and good prospects for growth, including those that offer possible dividends to stockholders. These companies may range from drug, device, retail sales, electronic medical record, prescription services, and HMO/hospital companies; provided that other types of companies may be invested in from time to time. While emphasizing mid cap stocks, large-cap and small-cap stocks may be included, as well as stocks of companies focused on emerging medical treatments/technologies.

Companies selected for this portfolio are closely monitored. Stocks are typically acquired slowly. SPARROW attempts to limit losses by selling losing positions quickly. In the same way, SPARROW will attempt to preserve capital by moving towards a cash position during weak market environments and towards equities during periods of market strength. The market environment will be assessed by observing the price behavior of the individual holdings within the portfolio itself.

Balanced Investment Strategy

The SPARROW Balanced Growth Portfolio is designed for investors who want a balance of both stocks and bonds in one portfolio. Portfolios are constructed of an average of 20 stock positions using one of our other investment strategies and an appropriate mix of fixed income securities. SPARROW invests in municipal, government or corporate bonds depending on the tax status and investment objectives of the Client. The highest quality security available at the time of purchase is always paramount. If no appropriate stocks or bonds are available, cash equivalents are held.

Each portfolio will be monitored by SPARROW and will be rebalanced periodically if asset allocations have shifted substantially from target. Because rebalancing generally incurs additional costs due to transaction fees and potential taxable implications, we will typically rebalance when significant asset shifts have occurred. In addition, our targeted asset allocations will sometimes change over time depending upon market conditions and the relative attractiveness of each asset category.

Risk of Loss

Investing in the capital markets involves risk, which includes the possibility that your account could go down in value. Stock and bond markets fluctuate substantially over time with changes in

the economy and demand for particular products or services. Equity investments in smaller companies (e.g., small-cap companies) involve added risks such as limited liquidity and greater fluctuation than that experienced by larger companies, which may affect our ability to sell these investments at a fair and competitive price in a timely manner. Mutual fund investing involves risk; principal loss is possible. Investors will pay fees and expenses, even when investment returns are flat or negative. Unfavorable timing of transactions and higher portfolio turnover may result in undesirable tax consequences.

Minimizing Risk of Loss

We believe the professional and disciplined execution of our investment philosophies will generate sustainable investment returns for SPARROW client accounts. However, the cumulative effect of company specific risk and systemic risk of a domestic and/or global nature clearly imply that no investment is guaranteed. SPARROW clients placing funds in our separately managed accounts or the Funds do so with the full knowledge that loss of principal is a real risk.

Item 9. Disciplinary Information

Registered investment advisers must disclose all material facts about any legal or disciplinary events that would be material to evaluation of SPARROW or the integrity of the firm's management. SPARROW does not have any legal, financial or other "disciplinary" item to report.

Item 10. Other Financial Industry Activities and Affiliations

Investment Company

SPARROW is the investment adviser to Sparrow Fund. Gerald Sparrow serves as the Sparrow Fund's Trustee, President, Secretary, Treasurer, and Chief Compliance Officer. SPARROW does not believe the advisory services it provides to the Sparrow Fund create material conflicts of interest with SPARROW's other Clients. Gerald R. Sparrow is a sub-investment advisor with BYW Investment Advisors, Inc. ("BYW"). The accounts under BYW and SPARROW may invest in the same securities at certain times.

SPLP

Also, as noted in Item 4 above, Gerald R. Sparrow is the sole general partner of SPLP, a private fund as defined in the Investment Advisers Act of 1940 (the "Advisers Act"). The limited partnership agreement of SPLP provides Mr. Sparrow with the opportunity to earn incentive allocations based on the investment performance of SPLP. This right to incentive allocations may result in a conflict of interest if, for example, SPARROW favors SPLP over other Clients.

SPARROW has adopted policies and procedures to mitigate the potential conflicts of interest noted above and other potential conflicts, which include the obligation fully and fairly disclose such potential conflicts.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

SPARROW has a code of ethics ("Code") in accordance with Rule 204A-1 under the Advisers Act. The Code is designed to obligate SPARROW to put the interests of its Clients first and obligates Gerald Sparrow and other employees to act in an ethical manner at all times. The Code includes, among other

things, provisions to strictly regulate personal trading by employees, to guard against conflicts of interest, and to protect the confidentiality of information. For a copy of the firm's Code of Ethics, contact Gerald R. Sparrow at (314) 725-6161 or gsparrow@sparrowcapital.com

Item 12. Brokerage Practices

Clients may instruct SPARROW, in writing, to utilize a particular broker/dealer and a registered representative associated with that broker/dealer for all of the Client's transactions. Clients may not receive best execution on client-directed trades when the Client, rather than SPARROW, establishes the arrangement with the broker/dealer and then requests that SPARROW place the trades through the designated broker/dealer. The client direction and/or broker custody of the Client's assets can limit or eliminate SPARROW's ability to negotiate commissions or otherwise obtain best price and execution.

Where SPARROW has the authority to select the broker/dealer, SPARROW may consider a number of factors to determine the reasonableness of commissions charged, including: the research received, execution capability, availability of securities, purchasers and sellers of securities, financial responsibility, responsiveness, custodianship, clearance, settlement, dividend posting, interest posting, size of each individual transaction, service related to each individual account (including brokerage personnel attention and time to Client accounts), and service provided by the registered representative (of the broker/dealer) to the Client (including meetings to review Client objectives and financial needs, monthly Client portfolio reviews, Client transactions, Client investment performance and Client questions regarding the investments in the portfolio). Clients may pay commissions higher or lower than those charged by other broker/dealers.

If SPARROW obtains Clients from broker referrals, this creates a conflict if SPARROW seeks to "reward" such broker for referrals or for future referrals by executing trades through it and foregoing its best execution obligation.

When purchasing fixed income securities, SPARROW may trade away for better execution and investment ideas. Trading away may result in a Client bearing a larger commission or markup than if SPARROW traded through the Client's custodian.

Stifel, Nicolaus & Co, Inc. ("Stifel") is the custodian / broker dealer for SPLP. Stifel's services include IRA accounting to limited partners, research and trading. To reduce conflicts of interest, SPLP has established a second custodial relationship with TD Ameritrade Institutional. This arrangement may limit our ability to achieve the best execution prices because SPLP will generally trade with the custodian that holds the assets being traded.

SPARROW does not have any formal or informal soft-dollar arrangements and does not receive any soft-dollar benefits other than from time to time certain research; provided that such research acquired will be eligible under Section 28 of the Securities Exchange Act of 1934, as amended.

Gerald R. Sparrow is a sub-investment advisor with BYW Investment Advisors, Inc. ("BYW"). The accounts under BYW and SPARROW may invest in the same securities at certain times. BYW and SPARROW will block the trades if possible. If the trading cannot be done as a block, the trading order will be rotated. The applicable CCO or other designated compliance personnel will review all trades to ensure one client does not have an advantage over another. Mr. Sparrow will attempt, on a best efforts basis, to avoid conflicts of interest between the accounts of BYW's

clients and the accounts of SPARROW and its Clients; however, there can be no assurance that such conflicts will not occur.

SPARROW may use, suggest or recommend its own services in connection with its advisory business. Additionally, SPARROW may manage accounts on behalf of such unaffiliated entities such as brokers who refer clients to SPARROW, which may create potential conflicts of interest relating to SPARROW's determination to use, suggest or recommend the services of such entities. SPARROW may place trades with such unaffiliated entities. The particular services involved will depend on the types of services offered by the unaffiliated entity. The arrangements may involve sharing or joint compensation, or separate compensation, subject to the requirements of applicable law. SPARROW may share resources or delegate certain of its trading, advisory and other activities for clients to other unaffiliated businesses of SPARROW. Particular relationships may include, but are not limited to, those discussed herein. SPARROW will retain any compensation when providing investment services to, or in connection with investment activities of, advisory accounts, subject to applicable law. Compensation may take the form of commissions, markups, mark-downs, service fees or other commission equivalents.

Item 13. Review of Accounts

All accounts are reviewed on a monthly basis by Gerald Sparrow, President and CIO, to be certain that accounts are being invested according to their respective investment objectives and any restrictions placed on the accounts.

Clients will receive statements from their custodians on a monthly or quarterly basis, which will contain an account summary, an account transactions detail and contribution and withdrawals detail.

Item 14. Client Referrals and Other Compensation

SPARROW may directly or indirectly compensate a person for Client referrals. SPARROW Clients who are referred by a compensated person as new clients are provided a copy of a Referral Agreement. The Referral Agreement is also available upon request. SPARROW's Referral Agreement follows the federal regulations as set out in 17 CFR Sections 275.206(4)-3, cash payments for Client solicitations and disclosure the compensation to be paid in connection with the referral. Referral fees are paid as a percentage of the advisory fee; this percentage is negotiable.

Item 15. Custody

As a matter of policy and practice, SPARROW does not permit employees or the firm to accept or maintain custody of individual Client securities or assets. It is our policy that we will not accept, hold, directly or indirectly, Client funds or securities, or have any authority to obtain possession of them, with the sole exception of direct debiting of advisory fees from Client accounts. SPARROW will not intentionally take custody of Client cash or securities.

All Client assets are maintained with qualified custodians such as banks or registered broker-dealers. Clients will receive account statements from their custodian at least quarterly. These statements are considered to be the actual books and records of Client accounts and should be reviewed carefully.

Notwithstanding the foregoing, SPARROW's ability to deduct advisory fees from Client accounts results in SPARROW having "constructive custody" of such assets. Further, because Gerald Sparrow is the general partner to SPLP, he (and indirectly SPARROW) has custody of SPLP's assets. SPARROW complies with the custody rule with respect to SPLP by (i) having its financial statements subject to a GAAP-compliant audit conducted by a PCAOB-registered audit firm and distributing audited financial statements to SPLP investors within 120 days of each year end.

Item 16. Investment Discretion

Pursuant to the terms of the investment management agreements with Clients, SPARROW is not required to obtain specific Client consent regarding specific securities to be bought or sold. SPARROW assumes all investment duties with respect to assets held in Clients' accounts and has all investment powers, including sole investment authority. Notwithstanding, SPARROW may take investment direction from a Client from time to time (e.g., honoring a request that a security be held to qualify for a long-term capital gain rather sold for a short-term capital gain). In addition, Clients may request that SPARROW refrain from investing in certain companies or industries for their portfolio (e.g., tobacco, gambling).

Item 17. Voting Client Securities

Unless the power to vote proxies for a Client is reserved by that Client (or in the case of an employee benefit plan, the plan's trustee or other fiduciaries), SPARROW has contracted Broadridge Investor Communication Solutions – Proxy Edge to provide SPARROW with proxy voting service. SPARROW shall further insure that the systems records and tracks proxy votes submitted on behalf of clients. If requested by the Client, SPARROW will report to the Client how each proxy sent on behalf of the Client was voted.

SPARROW's Proxy Voting Policy & Procedures is available upon written request.

Item 18. Financial Information

SPARROW does not require prepayment of investment management fees exceeding \$1,200 for six months in advance or longer. Therefore, no balance sheet of SPARROW is required herein. No current financial condition exists that would reasonably impair the contractual commitments to SPARROW Clients.