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December 5, 2017

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:

This disclosure, updates our previous disclosure brochure dated July 10, 2017

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting Gerald R. Sparrow President/Chief Compliance Officer at (314) 725-6161 or gsparrow@sparrowcapital.com. Our Brochure is also available on our web site at www.sparrowcapital.com

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures going forward within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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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 U.S. Security and Exchange Commission (the “SEC”). SPARROW provides investment supervisory services to clients who invest in our portfolio’s via client agreements. SPARROW was established in 1988 by its President, Chief Investment Officer and Chief Compliance Officer Gerald R. Sparrow office is located in Saint Louis Missouri.

Investment Services:

SPARROW provides investment advisory services for individuals, banks, corporations, employee benefit programs, estates, investment companies, professional organizations and trusts. Sparrow Fund L.P. (“SPLP” or the Private Partnership) and the Sparrow Growth Funds (collectively, the “Funds”).

The Sparrow Funds includes:

- | | | |
|------------------------|-------|------------------|
| ○ Sparrow Fund CL – A | SGFFX | CUSIP #846571107 |
| ○ Sparrow Fund CL – C | SGFCX | CUSIP #846571404 |
| ○ Sparrow Fund No Load | SGNFX | CUSIP #846571206 |

Investment Services:

SPARROW offers investment advice to 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.

Assets under Management:

As of December 31, 2016 SPARROW had assets of \$89,800,000 million in discretionary assets under management. Discretionary assets are those over which we have full authority to make investment decisions.

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 a percentage of assets under management.

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.

Upon entering into an advisory agreement, 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 written on the Investment Management Agreement, and investments that are consistent with these needs and objectives are made.

Annual management fee schedule for the Large-Cap, World Total Return, Sparrow-Freeland Healthcare, Rising Dividend, Small-Cap 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. 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. The fee will be 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 Large-Cap, World Total Return, Rising Dividend, Small-Cap and Balanced portfolios. There is no penalty for terminating the Client's account. The client will refund all prepaid unearned fees on a pro-rata basis upon termination of the agreement.

The fee is determined by agreement between the introducing broker-dealer or financial consultant and SPARROW or by agreement between the client and SPARROW. Total annual fees charged by the broker-dealers or financial consultants with whom the SPARROW is familiar are generally in the range of 0.35% to 2.0% annually. Introducing sponsors typically collect the total wrap fee and remit only a portion to SPARROW. However, under some contractual agreements, the client may pay fees directly to SPARROW.

Additional Compensation:

SPARROW may directly or indirectly compensate a person for Client referrals. SPARROW Clients who refer new clients to SPARROW are provided a copy of the 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. Referral fees are paid as a percentage of the advisory fee; this percentage is negotiable. As the advisor of the Sparrow Funds, SPARROW receives a distribution fee pursuant to a plan established according to Rule 12b-1 of the Investment Company Act.

Private Partnership:

Gerald R. Sparrow is the sole general partner of SPLP. As a private fund, SPLP is exempt from registration as an investment company under the Investment Company Act of 1940. All SPLP investors must meet the *accredited investor* standard per Rule 501 of Regulation D. The Private Fund invests in marketable securities, which may overlap, with SPARROW separate account and mutual fund holdings. The SPLP Private Placement Memorandum (PPM) details all fees. SPARROW, as an investment adviser to a private fund, is not currently required to file Form PF because SPLP's assets do not meet the regulatory assets under management threshold.

Mutual Funds:

SPARROW is the investment adviser to the Sparrow Funds. Investors pay certain fees and expenses if they buy and hold shares of the Funds. The Funds' fee and expense schedule is found in the Funds' prospectus at <http://www.sparrowcapital.com/funds.html>

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

SPARROW may charge performance-based fees under certain circumstances, to participate in the performance based fee arrangement the accredited investors, with \$1 million, either alone or together with a spouse (excluding the value of the person's primary residence) will be allowed to participate. There may be conflicts for those clients who do not pay performance based fees and that the SPARROW incentive to trade or allocate trades to the performance based fee accounts due to performance based incentives. This is not mitigated by the fact, Mr. Sparrow invests his own funds in accounts that are both incentive and non-incentive base.

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

SPARROW Managed Accounts:

Services in opening and maintaining an account the range is \$100,000 or more of assets for managed accounts; however, smaller accounts are accepted.

Mutual Funds

Please refer to the Sparrow Funds Prospectus for account minimums.

Private Fund

Please refer to the SPLP Private Placement Memorandum (PPM) for information about the investment minimums of the Private Fund.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss:**Large-Cap Investment Strategy**

SPARROW believes that a portfolio composed of large-cap growth stocks that are fully diversified across major economic sectors could provide investment returns that exceed market

averages. SPARROW primarily invests in stocks that have demonstrated above-average earnings-per-share growth historically and are projected to generate above-average growth in the future. Large-Cap portfolios tend to resemble the capitalization mix found in general stock market indexes, such as the S&P 500, but SPARROW maintains the flexibility to invest in opportunities at any capitalization size. For the purpose of our Large-Cap portfolio, at the time of purchase, SPARROW looks for stocks with a market capitalization in excess of \$5 billion.

World Total Return Investment Strategy

SPARROW believes a portfolio composed of stocks, bonds, or securities bought and sold at the right price could provide investment returns that exceed market averages. To identify potential opportunities, SPARROW searches both domestic and foreign markets. SPARROW considers all market capitalizations as well as bonds, sector funds, index - ishares and other liquid securities. Portfolios are constructed of an average of 20 positions.

Sparrow-Freeland Investment Strategy

The Sparrow-Freedland Healthcare portfolio invests in healthcare-related stocks. It attempts to identify companies with reasonable valuations and good prospects for growth including ones that offer possible dividends to stockholders. These companies will range from drug, device, retail sales, electronic medical record, prescription services, and HMO/hospital companies. While emphasizing mid cap stocks, large cap and smaller capitalization companies may be included as well as emerging medical treatments/technologies.

Companies selected for this portfolio are closely monitored. Stocks are typically acquired slowly. Sparrow-Freedland attempts to limit losses by selling losing positions quickly. In the same way, he 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.

Rising Dividend

The SPARROW Rising Dividend Portfolio is designed for investors seeking the potential for rising income and some capital appreciation over time. Stocks in the portfolio are selected primarily on their dividend producing ability both in the current period, as well as the potential for future dividend increases. All stocks are equally weighted at the time of initial purchase, and would be diversified across different sectors and industries, though a higher percentage of the stocks would come from the utility and financial sectors given the higher dividend yields associated with these sectors.

Small-Cap Investment Strategy

SPARROW believes that small-cap stocks offer opportunities for portfolios, which are focused on capital growth investment objectives. The Small-Cap portfolio invests in companies that are smaller in size than our Large-Cap portfolio. These stocks could potentially represent higher growth opportunities, but could also carry higher risk characteristics than stocks in our Large-Cap portfolio. For the purpose of our Small-Cap portfolio, at the time of purchase, Sparrow looks for stocks with a market capitalization below \$2.5 billion. We use the Russell 2000 Index as our benchmark for this portfolio.

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 investor. The highest quality 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 only 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 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. Investors cannot influence the securities bought and sold, or the timing of transactions which may result in undesirable tax consequences.

Minimizing Risk of Loss:

We believe the professional and disciplined execution of our investment philosophy 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, the Funds, or the Private Fund 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

As noted in Item 4 above, SPARROW is the investment adviser to the Sparrow Funds. SPARROW does not believe these advisory services create material conflicts of interest between the Firm and its other clients.

Gerald R. Sparrow is a sub-investment advisor with BYW Investment Advisors, Inc. (“BYW”). The accounts under BYW and SPARROW may have 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 CCO or other designated compliance personnel will review all trades to ensure one client does not have an advantage over another. BYW currently **sub-leases** from and shares office space with SPARROW on a monthly basis. 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.

Private Fund

Also, as noted in Item 4 above, Gerald R. Sparrow is the sole general partner of SPLP, the Private Fund. Sparrow Fund L.P. has an incentive based compensation schedule and may cause conflicts of interest with other services. These conflicts are mitigated by full disclosure.

Item 11. Code of Ethics

SPARROW has adopted pursuant to SEC rule 204A-1. The Code of Ethics it is designed to put the interests of all our clients first and expects all our employees to act in an ethical manner at all times. The Code of Ethics 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 Firms 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. That due to its obtaining clients from broker referrals, Sparrow has a conflict of interest between acting in its clients’ best interest to obtain best price and execution, and its interest in executing client transactions through referring broker-dealers regardless of the circumstances in order to benefit from continued referrals.

Where SPARROW has the authority to select the Broker/Dealer, SPARROW considers 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), 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.

When purchasing fixed income securities. SPARROW has traded away for better execution and investment ideas. There will be additional fees when Sparrow trades away for fixed income securities.

Stifel, Nicolaus & Co, Inc. is the custodian / broker dealer for the Sparrow Fund L.P where a portion of the assets are held. Their services include IRA accounting, research and trading. To reduce conflicts of interest the Sparrow Fund L. P. has setup a second custodian / broker dealer relationship with TD Ameritrade Institutional. This arrangement may limit our ability to get best execution because we trade where the securities are held and where the cash flow dictates asset levels at each firm.

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits.

Item 13. Review of Accounts

All accounts are also reviewed on a monthly basis by Gerald Sparrow, President and CIO to be certain that accounts are being invested according to 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 refer new clients to SPARROW are provided a copy of the 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. Referral fees are paid as a percentage of the advisory fee; this percentage is negotiable. As the advisor of the Sparrow Growth Fund, SPARROW receives a distribution fee pursuant to a plan established according to Rule 12b-1 of the Investment Company Act.

Item 15. Custody

As a matter of policy and practice, SPARROW does not permit employees or the firm to accept or maintain custody of client 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 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 receive account statements from their custodian at least quarterly. These statements are considered to be the actual books and records of your account and should be

reviewed carefully. SPARROW has custody of client funds and securities in the following two cases:

- 1.) Through the deduction of advisory fees in client accounts
- 2.) Through access to funds and securities in SPLP, the Private Fund

Based on authorization provided by the client, SPARROW has authority to debit advisory fees directly from client accounts, which is considered to be custody under SEC rules. An adviser who acts as a general partner to a limited partnership has authority to dispose of funds and securities in the limited partnership's account, which represents custody of client assets. SPARROW controls GERALD R. SPARROW which serves as the general partner of SPLP, which is a limited partnership. Therefore, SPARROW has custody of SPLP's assets. The Private Fund is independently audited by a Public Company Accounting Oversight Board ("PCAOB") registered firm and is also subject to surprise examinations. In addition, the financial statements of SPLP are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") and delivered to investors within 120 days of the end of its fiscal year. In no other way – either directly or indirectly – does SPARROW have custody of funds or securities. The Firm does not accept delivery of client securities, e.g., stock certificates, stock powers,

Item 16. Investment Discretion

Pursuant to the terms of the Investment Management Agreement, SPARROW is not required to obtain specific Client consent regarding specific securities to be bought or sold. However, the Client does select an investment objective, and SPARROW buys securities for the Client's account in accordance with the investment objective of the Client. Per the Investment Management Agreement, SPARROW, as Investment Manager, assumes all investment duties with respect to assets held in the Investment Management Account and has all investment powers including sole investment authority. The Investment Manager may take any action deemed appropriate, with or without other consent or authority from the Client, and may exercise discretion and deal in and with such assets exactly as fully and freely as the Client might do as owner thereof, except that the Investment Manager is not authorized to withdraw any securities or other property, whether in the name of Client or otherwise. In addition, from time to time, a Client may request that a security be held to qualify for a long-term capital gain rather than a short-term capital gain. Furthermore, some Clients instruct SPARROW to refrain from investing in certain companies or industries for their portfolio.

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. That due to its obtaining clients from broker referrals, Sparrow has a conflict of interest between acting in its clients' best interest to obtain best price and execution, and its interest in executing client transactions through referring broker-dealers regardless of the circumstances in order to benefit from continued referrals.

Where SPARROW has the authority to select the Broker/Dealer, SPARROW considers 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), 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.

Item 17. Voting Client Securities

Unless the power to vote proxies for a client is reserved to 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, will report to the client how each proxy sent to Company on behalf of the client was voted.

If interested in viewing Proxy Voting Policy & Procedures it 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.



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Gerald R. Sparrow
President/Chief Compliance and Investment Officer

Form ADV Part 2B
Advisory Personnel Brochure Supplement
December 05, 2017

This brochure supplement provides information about Gerald R. Sparrow that supplements the Sparrow Capital Management brochure. You should have received a copy of that brochure. Please contact Gerald R. Sparrow (314) 725-6161 if you did not receive Sparrow Capital Management, Inc. brochure or if you have any questions about the contents of this supplement.

Additional information about Gerald R. Sparrow is available on the SEC's website at www.adviserinfo.sec.gov.

Mr. Gerald R. Sparrow (1/12/59) is President and Chief Investment Officer at Sparrow Capital Management, Inc., a registered investment advisor, and portfolio manager for the Sparrow Limited Partnership, a hedge fund, designed to maximize after-tax returns. He is also portfolio manager for the Sparrow Growth Fund (SGFFX), a mutual fund that invests in growth stocks. Mr. Sparrow is a 1.0% shareholder of BYW, the Chief Compliance Officer, and he is also a sub-advisor for BYW. Mr. Sparrow also manages a personal investment account for the chairman of the board of BYW.

He has been with Strong/Corneliuson Capital Management, Inc., where he developed and implemented investment strategies for individuals, institutional investors, and state and university systems.

Gerald is on the Board of Directors of the Missouri Department of Conservation St. Louis Regional Advisory Council. Past member of St. Louis Zoo Friends Association and St. Louis Zoo Finance Committee, Association of Investment Management and Research, St. Louis Financial Analyst Society; Associate Board of the Arts and Education Council of St. Louis. Gerald is a frequent commentator on Money Talk on WRTH Radio and the Money Show on KMOX Radio in St. Louis. Gerald has also been featured in the St. Louis Business Journal, St. Louis Post-Dispatch and the St. Louis Medical Journal.

Gerald has also received civic and military commendations. Gerald served as a sergeant in the United States Marine Corps 1st Marine Division in San Diego, California; Marine Barracks, Pearl Harbor, Hawaii; Marine Corps Air-Station Tustin, California and Marine Reserves, Lambert Field, St. Louis, Missouri from 1978 to 1985.

Gerald has a Bachelor of Science in Business from University of Missouri St. Louis, MO and an MBA from Washington University St. Louis, MO. Honorary member of Beta Gamma Sigma since 1985

Disciplinary Information

None to report.

Other Business Activities

Gerald R. Sparrow is a sub-investment advisor with BYW Investment Advisors, Inc. (“BYW”). The accounts under BYW and SPARROW may have 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 CCO or other designated compliance personnel will review all trades to ensure one client does not have an advantage over another. BYW currently **sub-leases** from and shares office space with SPARROW on a monthly basis. Mr. Sparrow owns 1% of BYW’s capital stock. 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.

Private Fund

Also, as noted in Item 4 above, Gerald R. Sparrow is the sole general partner of SPLP, the Private Fund. Sparrow Fund L.P. has an incentive based compensation schedule and may cause conflicts of interest with other services. These conflicts are mitigated by full disclosure.