

SPARROW CAPITAL MANAGEMENT, INC.
Investment Research and Portfolio Management
211 North Broadway, Suite 2080
St. Louis, Missouri 63102
(314) 725-6161

ACCOUNT INFORMATION AND INVESTMENT ADVISORY AGREEMENT
****Revised July 31, 2020****

1. REGULAR ACCOUNT THIS AGREEMENT is between SPARROW CAPITAL MANAGEMENT, INC.,
Herein after referred to as "Investment Manager," and

_____ hereinafter referred to as "Client."

OR

TRUST ACCOUNT THIS AGREEMENT is between SPARROW CAPITAL MANAGEMENT, INC.,
herein after referred to as "Investment Manager," and

Sponsor _____ and
Trustee(s) _____

_____ Sponsor and Trustee(s) hereinafter referred to as "Client."

The name of the Trust is:

Trust effective date: Trust year end: _____

2. CLIENT ADDRESS:

Street address _____ Home phone _____

City _____ State, _____ ZIP code _____ Business phone _____

EMAIL ADDRESS: _____

3. TAX IDENTIFICATION NUMBER: _____

4. INVESTMENT OBJECTIVE:

Check one:

Capital appreciation - Stocks: Unconstrained Growth Sparrow-Freedland Healthcare

Income – Stocks/Bonds: Balanced

Check one:

Tax Sensitive Non-Tax Sensitive

Suitability:

Estimated income	Estimated net worth	Liquid net worth	Tax bracket
\$ _____	\$ _____	\$ _____	_____ %

Client Initials _____

SPARROW CAPITAL MANAGEMENT, INC.
Investment Research and Portfolio Management

Additional information _____

5. CUSTODIAN AND/OR BROKER DEALER:

Company name Account executive or administrator

Street address

City State ZIP code Phone

6. THE PARTIES HERETO AGREE AS FOLLOWS:

1. **Appointment.** Client hereby appoints Investment Manager as the investment manager of those assets designated to be held in an investment management account (the "Investment Management Account").

2. **Establishment of Accounts.** Investment Manager shall establish and maintain such accounts in the name of Client as are necessary to account for the assets and any additions, income, receipts, and disbursements in connection therewith.

3. Duties of Investment Manager.

(a) **Investment Management Account.** Investment Manager shall assume all investment duties of Client with respect to assets held in the Investment Management Account and shall have all investment powers delegated from Client, including sole investment authority. Investment Manager shall invest and reinvest the principal and income, including the proceeds thereof and additions to said account, in such stocks, bonds, or other property of any kind as it deems in the best interest of Client, consistent with the investment objective of Client. The Investment Manager may take any action or non-action as it deems appropriate, with or without other consent or authority from the Client, and may exercise its 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 money, securities or other property either in the name of Client or otherwise. The Investment Manager shall be free to sell securities in the portfolio of the account regardless of the length of time they have been held. The Investment Manager shall further be free to make investment changes regardless of the resulting rate of portfolio turnover, when it, in its sole discretion, shall determine that such changes will promote the investment objective of the account.

(b) **Custodial Account.** All assets, which are by written designation to be held in the Investment Management Account shall be held in one or more Custodial Accounts.

(c) **Title of Assets.** Assets held in any Investment Management Account (including any Custodial Account) shall be held in the name of Client unless Client shall notify Investment Manager in writing of a nominee in whose name such assets are to be held. Client hereby agrees to execute such instruments, assignments, powers or other documents as are in the opinion of Investment Manager necessary to effect such titling.

(d) **Valuation of Account.** Investment Manager shall determine the fair market value of assets in the Investment Management Account at least annually.

Client Initials _____

SPARROW CAPITAL MANAGEMENT, INC.
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- (e) Trust Funding Policy; Investment Policy. Client, or such other fiduciary as is designated pursuant to the terms of a trust, shall communicate to Investment Manager, in writing, the funding policy of Trust and shall specify by projection the anticipated liquidity needs of Trust for disbursements.
- (f) Proxies; Class Action Lawsuits; Corporate Actions. Unless the parties agree otherwise in writing, Investment Manager is precluded from and Client shall be responsible for: (a) directing the manner in which proxies solicited by issuers of securities Client beneficially owns shall be voted, and (b) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type of events pertaining to the securities in the Investment Management Account. Client authorizes and directs Investment Manager to instruct the Custodian to forward to Client copies of all proxies and shareholder communications relating to the assets held in the Investment Management Account.

Investment Manager will not take any action or render any advice with respect to any securities held in the Investment Management Account, which are named in or subject to, class action lawsuits. Investment Manager will, however, to the best of its ability, forward to Client any information received by Investment Manager regarding class action legal matters involving any security held in the Investment Management Account. Further, Investment Manager may, at Client's request, offer advice regarding corporate actions and the exercise of proxy voting rights.

4. **Non-Exclusivity.** Client acknowledges and understands that Investment Manager shall be free to render investment advice to others and that Investment Manager does not make its services available exclusively to Client. Investment Manager (and its advisory affiliates, employees, representatives, and agents) may have or take the same or similar positions in specific investments for its own accounts, or for the accounts of other Clients, as Investment Manager does for Client. Nothing in this Agreement shall put Investment Manager under any obligation to purchase or sell, or to recommend for purchase or sale for the Investment Management Account, any security which Investment Manager (or its advisory affiliates, employees, representatives, and agents) may purchase or sell for their own accounts or for the account of any other Client, unless in Investment Manager's sole determination, such investment would be in the best interest of the Investment Management Account..

5. **Adviser Liability.** Except as otherwise provided by law, Investment Manager (and its employees, representatives and agents), acting in good faith, shall not be liable for any action, omission, investment recommendation/decision, or loss in connection with this Agreement including, but not limited to, the investment of the assets in the Investment Management Account, or the acts and/or omissions of the Client, other professionals or third party service providers, including a broker-dealer and/or custodian. The federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing herein shall in any way constitute a waiver or limitation of any rights which the Client may have under any federal and state securities laws.

If the assets in the Investment Management Account contain only a portion of the Client's total assets, Investment Manager shall only be responsible for those assets that the Client has designated to be the subject of Investment Manager's investment management services under this Agreement without consideration to those additional assets not so designated by the Client.

If, during the term of this Agreement, Investment Manager purchases specific individual securities for the Investment Management Account at the direction of the Client (i.e. the request to purchase was initiated solely by the Client), the Client acknowledges that Investment Manager shall do so as an accommodation only, and that the Client shall maintain exclusive ongoing responsibility for monitoring any and all such individual securities, and the disposition thereof.

Client Initials _____

Correspondingly, the Client further acknowledges and agrees that Investment Manager shall not have any responsibility for the performance of any and all such securities, regardless of whether any such security is reflected on any quarterly Investment Management Account reports.

Notwithstanding anything else in this Agreement to the contrary, Client acknowledges that investments involve varying degrees of financial risk and Investment Manager makes no assurance that assets in an Investment Management Account will receive any return on an investment, and that an investment may lose money, including the complete loss of principal. Investment Manager does not guarantee future performance of the Client's assets or any specific level of performance, the success of any investment decision or strategy that Investment Manager may use, or the success of Investment Manager's overall management of the assets in an Investment Management Account. Client understands that investment decisions made for Client's assets by Investment Manager are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

6. Indemnification of Investment Manager. The Client shall hold harmless and indemnify Investment Manager and its employees, representatives and agents (each, an "Indemnified Party") from and against any and all losses, damages, claims, costs, actions, liabilities, suits, proceedings, settlements or expenses including, without limitation, any liabilities imposed or sought to be imposed on or claims asserted against such Indemnified Party (including, in each case, reasonable attorney's fees and disbursements) (each a "Loss"), which the Indemnified Party may incur or suffer in connection with the performance of its obligations under this Agreement; provided, however, that this indemnity shall not apply to any Loss to the extent caused by Investment Manager's willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of its obligations and duties hereunder, except as may otherwise be provided under applicable law. The foregoing indemnity is in addition to, and shall not constitute a waiver or limitation of, any rights which Investment Manager may have under, applicable law.

7. Death or Disability. The death, disability or incompetency of Client will not terminate or change the terms of this Agreement. However, Client's executor, guardian, attorney-in-fact or other authorized representative may terminate this Agreement by giving written notice to Investment Manager. Client recognizes that the custodian may not permit any further Investment Management Account transactions until such time as any documentation required is provided to the custodian.

8. Dispute Resolution. Any dispute arising out of or relating to this Agreement, or any breach thereof, shall be settled by a court of competent jurisdiction in the State of Missouri. The cost of an action brought in court shall be borne among the parties as determined by the court.

9. Termination. This Agreement shall be valid until terminated by Investment Manager or by Client. This agreement may be terminated at any time by Investment Manager or by Client upon receipt of written notice pursuant to Paragraph 9. Upon notice of termination, Investment Manager shall notify Custodian to deliver all assets held pursuant to this Agreement, according to Client's written instructions. Termination of this Agreement shall not affect any liability resulting from sales or exchanges initiated prior to written notice of such revocation.

10. Assignment. No assignment of this Agreement may be made except with the written consent of Client.

11. Fees. Investment Manager shall be paid such compensation for its services as designated on the fee schedule.

Until paid, the fees and expenses of Investment Manager shall constitute a lien upon the assets of the Investment Management Account. In accordance with various regulations, Client is hereby informed that brokerage commissions in the United States are not fixed by any stock exchange or other authority and are subject to negotiation. 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 total 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 Investment Management Account.

Client Initials _____

There is a \$2,000 minimum annual fee on accounts in the Unconstrained Growth Sparrow-Freeland Healthcare, and Balanced portfolios. From time to time, our fees are negotiated and minimums are waived. Brokerage commissions, custodial fees, transaction costs, wire transfer and electronic fund fees are charged to the account as transactions occur.

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

- 12. Client Representations and Warranties.** Client represents that the terms hereof do not violate any obligation by which Client is bound, whether arising by contract, operation of law or otherwise, and that if required, (i) this contract has been duly authorized by appropriate action and is binding upon Client in accordance with its terms, and (ii) the Client will deliver to Investment Manager such evidence of such authority as it may reasonably require, whether by way of certified resolution, trust agreement or otherwise.

Client acknowledges that it has provided Investment Manager with the investment objective and financial background information set forth on the first two pages of this Agreement and Client represents that such information is a complete and accurate representation of Client's financial position and of Client's investment needs, goals, objectives, and risk tolerance at the time of entering into this Agreement. Client maintains sole responsibility to notify Investment Manager, in writing, if there is any change in Client's financial situation or investment objectives for the purpose of reviewing, evaluating or revising Investment Manager's previous recommendations and/or services. Client agrees and understands that Investment Manager shall not be liable for any losses incurred by Client in the event that it is not advised, in writing, of any changes to such information.

Client hereby agrees to immediately notify Investment Manager of any instructions, directions or orders, including withdrawal requests, made by Client directly to the custodian. Client further agrees and understands that Investment Manager shall not be liable for any losses incurred by Client and/or Client's Investment Management Account by reason of any instructions, directions or orders made by Client directly to the custodian.

- 13. Notice.** All recommendations, notices and other communications shall be deemed effective when received, in writing, at the address shown on the letterhead on the first page of this Agreement. Receipt of written notice shall be presumed if mailed postpaid by registered or certified mail, return receipt requested. Each party shall be entitled to presume the correctness of such address shown on page one until notified, in writing, to the contrary.
- 14. Construction.** This Agreement is intended to conform to the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the laws of the State of Missouri, to the extent not preempted thereby, and shall in all events be construed and interpreted in accordance therewith.
- 15. Disclosure.** By execution of this Agreement, Client acknowledges that Investment Manager has informed Client of the following: Sparrow Capital Management, Inc. is an investment advisor registered with the Securities and Exchange Commission.

Client Initials _____

SPARROW CAPITAL MANAGEMENT, INC.

Investment Research and Portfolio Management

- 16. Retirement or Employee Benefit Plan Accounts.** This section applies to an Investment Management Account that is a pension or other employee benefit plan (a “Plan”) governed by ERISA. If the account is part of a Plan, Client hereby appoints Investment Manager and Investment Manager accepts appointment as an investment manager to provide advisory services to such account. Investment Manager acknowledges that it is a “fiduciary” within the meaning of ERISA (but only with respect to the provision of services described in Section 3 of this Agreement).

Client represents that (i) the appointment and services of Investment Manager contemplated by this Agreement are consistent with the Plan documents, (ii) Client has furnished Investment Manager true and complete copies of all documents establishing and governing the Plan and evidencing Client’s authority to retain Investment Manager, (iii) if Client has directed or directs Investment Manager to use a certain broker-dealer, Investment Manager is unable to seek best execution for transactions in the Investment Management Account and Client may pay higher brokerage fees than if Investment Manager were authorized to direct transactions to another broker-dealer that could provide best execution. Client further represents that it will promptly furnish Investment Manager with any amendments to the Plan, and Client agrees that, if any amendment affects Investment Manager’s rights or obligations, such amendment will be binding on Investment Manager only with Investment Manager’s prior written consent. If the Investment Management Account contains only a part of the assets of the Plan, Client understands that Investment Manager will have no responsibility of the diversification for all of the Plan’s investments, and Investment Manager will have no duty, responsibility or liability for Client’s assets that are not in the Investment Management Account. If ERISA or other applicable law requires bonding with respect to the assets in the Investment Management Account, Client will obtain and maintain at its expense bonding that satisfies this requirement and covers Investment Manager and any of its affiliates.

- 17. Acknowledgement of Form ADV Parts 2A and 2B and Privacy Notice Delivery.** Client hereby acknowledges (a) receipt of our privacy policy as required by Regulation S-P; (b) that Client has received and had an opportunity to review a copy of the written disclosure statement as set forth on Form ADV Parts 2A and 2B or otherwise meeting the requirements of Rule 204-3 of the Investment Advisors Act of 1940 (the “Brochure”); and (c) that the delivery by Investment Manager of the Brochure does not imply the Securities and Exchange Commission has made a recommendation of Investment Manager.

- 18. Electronic Delivery of Documents.** By marking the appropriate box below, Client hereby acknowledges and consents to electronic delivery by Investment Manager of all notices, disclosures, communications and documents, including but not limited to the delivery of the SEC Form ADV Parts 2A and 2B, annual updates to SEC Form ADV, other regulatory communications, and any other communications or offering materials or documents which Investment Manager may deliver, in the future, in accordance with applicable laws (“Communication” or collectively, “Communications”). Client’s consent further authorizes Investment Manager to deliver all such Communications to Client by e-mail or by sending Client an e-mail that includes a hyperlink or directs Client to an address on a website where the information is posted, and can be read and printed. Client agrees that such delivery shall be deemed effective delivery to Client whether or not you access or review the Communication. If the Communications are delivered by Investment Manager via e-mail to the e-mail address of one holder, it shall be deemed good and effective delivery to all multiple holders of that Investment Management Account.

Unless Investment Manager receives immediate notice that the e-mail was not delivered, the e-mail will constitute valid delivery or notice of a Communication. If Investment Manager receives notice that Client’s e-mail was not delivered,

Investment Manager, as a courtesy, may attempt to contact Client by telephone. It is Client’s responsibility to provide Investment Manager with a current and valid e-mail address. Client agrees that any change of electronic or postal address that Client submits will be effective within three (3) business days after receipt by Investment

Client Initials _____

Manager. To update your e-mail address, postal address, telephone number or facsimile number Client must either call the Investment Manager at (314) 725-6161, or send an e-mail to gsparrow@sparrowcapital.com.

To receive electronic delivery Client must have a computer with Internet access and the ability to download PDF files using Adobe Acrobat 4.0 or higher. Client may download a free copy of Adobe Acrobat by going to the following link: <http://www.adobe.com/>. Client can download and save or download and print the Communication to retain for your records. At any time, should Client wish to receive a paper copy of a document delivered electronically at no additional charge, you may contact Gerald R. Sparrow at (314) 725-6161. You acknowledge that you have access to view Communications via PDF or HTML.

There are no consequences for Client withdrawing its consent other than all transactions with Client in the future must be in writing or on a hard copy. To revoke or withdraw consent to the electronic delivery of Communications, Client must call (314) 725-6161 or e-mail us at gsparrow@sparrowcapital.com. Withdrawal or revocation of Client's consent does not affect the legal effectiveness or validity of any electronic Communications provided while Client's consent was in effect. Also, even after Client consents to electronic delivery, Client may, upon request, obtain a paper copy of any Communication that Investment Manager is required by law or regulation to deliver to Client, which Investment Manager will deliver to Client, via the mail at no additional cost to Client.

Email Address #1: _____

Email Address #2: _____

- Check this box if you consent to electronic delivery of notices, disclosures, communications and documents from Investment Manager. NOTE: Unless notified in writing by the Client(s), Investment Manager shall ONLY make electronic delivery to the email address(es) listed above.

- Check this box if you DO NOT consent to electronic delivery of notices, disclosures, communications and documents from Investment Manager.

ACCEPTED AND AGREED TO by Client this _____ day of _____, 20_____.

Client

Witness

Client

Witness

Client

Witness

ACCEPTED AND AGREED TO by Investment Manager this _____ day of _____, 20_____.

By: _____

Authorized Officer of Investment Manager

Client Initials _____



211 N. Broadway, Suite 2080
St. Louis, MO 63102
(314) 725-6161
(314) 621-5905
www.sparrowcapital.com

March 26, 2020

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 March 26, 2019.

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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.

Assets under Management:

As of July 30, 2020 SPARROW had assets of \$189,610,561 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.

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.

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.