

# **Sparrow Growth Fund**

**No-Load Class  
(SGNFX)**

**Prospectus**

**December 31, 2022**

**INVESTMENT OBJECTIVE:**

**Long term capital appreciation**

**The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

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## SPARROW GROWTH FUND SUMMARY

### Investment Objective

The investment objective of the Sparrow Growth Fund is long-term capital appreciation.

### Fees and Expenses of the Fund's No-Load Class

This table describes the fees and expenses that you may pay if you buy, sell and hold No-Load Class shares of the Fund.

<b>Shareholder Fees</b> (fees paid directly from your investment)	<u>No-Load Class</u>
Maximum Sales Charge (Load) Imposed on Purchases	NONE
Maximum Sales Charge (Load) Imposed on Reinvested Dividends	NONE
<b>Annual Fund Operating Expenses</b> (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	1.00%
Distribution (12b-1) Fees	NONE
Other Expenses	0.39%
Total Annual Fund Operating Expenses	1.39%

### Example:

The Example below is intended to help you compare the cost of investing in the Fund's No-Load Class with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund's No-Load Class for the time periods indicated and hold or redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's No-Load Class's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$142	\$440	\$761	\$1,669

### Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 192.58% of the average value of its portfolio.

### Principal Investment Strategies of the Fund

The Fund typically invests in a broad range of U.S. common stocks which Sparrow Capital Management, Inc., the Fund's adviser, believes have above-average prospects for appreciation, based on a proprietary investment model developed by the adviser. The model looks at a variety of factors to select stocks that the adviser believes demonstrate strong

earnings momentum. These growth momentum factors include expanding profit margins, accelerating earnings, positive earnings surprises, positive earnings estimate revisions, and positive relative price strength. At times, the Fund may focus its investments in the healthcare and/or technology sector.

The Fund may invest in stocks of all market capitalization ranges based on the adviser's assessment of the relative opportunities and risks of each category. Stocks are sold when there is a significant decline in earnings momentum, a better stock is found, or a significant breakdown in relative price performance occurs.

## Principal Risks of Investing in the Fund

All mutual funds carry a certain amount of risk. The Fund is not a complete investment program. As with any mutual fund investment, the Fund's returns will vary and you could lose money. The following are the principal risks of investing in the Fund:

- **Market Risk.** Overall stock market risks may affect the value of the Fund. Factors such as domestic economic growth and market conditions, interest rate levels, climate-change and climate-related events, global pandemics and political events affect the securities markets and could cause the Fund's share price to fall.
- **Company Risk.** The value of the Fund may decrease in response to the activities and financial prospects of an individual company in the Fund's portfolio. The value of an individual company can be more volatile than the market as a whole.
- **Management Risk.** If the adviser's assessment of the prospects for individual securities or a company's growth potential is incorrect, the securities purchased may not perform as expected and could result in significant losses in the Fund's investment in those securities and in possible losses overall for the Fund.
- **Mid Cap Risk.** Stocks of mid-cap companies are riskier than stocks of larger companies. Many of these companies are young and have a limited track record. Their securities may trade less frequently and in more limited volume than those of more mature companies. Mid-cap companies also may lack the managerial, financial or other resources necessary to implement their business plans or succeed in the face of competition.
- **Small Cap Risk.** To the extent the Fund invests in small-cap companies, the Fund will be subject to additional risks. These include:
  - The earnings and prospects of smaller companies are more volatile than larger companies.
  - Smaller companies may experience higher failure rates than do larger companies.
  - The trading volume of securities of smaller companies is normally less than that of larger companies and, therefore, may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
  - Smaller companies may have limited markets, product lines or financial resources and may lack management experience.

- **Sector Risk.** If the Fund’s portfolio is overweighted in a certain industry sector, any negative development affecting that sector will have a greater impact on the Fund than a fund that is not overweighted in that sector.

*Healthcare Sector Risk.* The profitability of companies in the healthcare sector may be affected by government regulations and government healthcare programs, increases or decreases in the cost of medical products and services, an increased emphasis on outpatient services, demand for medical products and services and product liability claims, among other factors.

## Is the Fund Right for You?

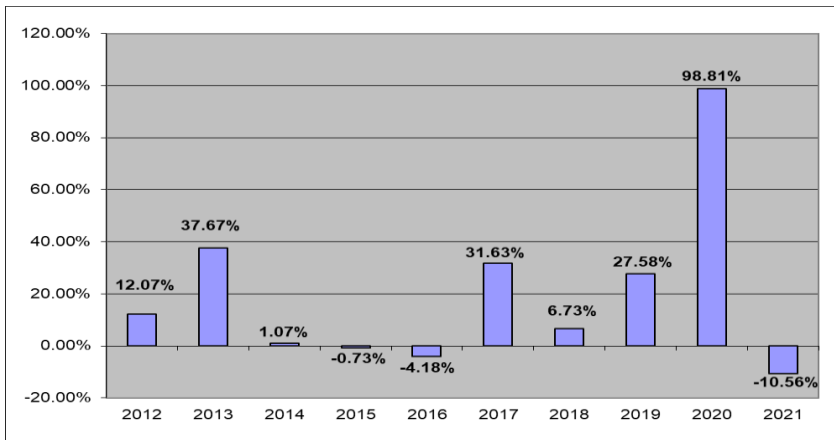
The Fund may be suitable for:

- Long-term investors seeking a mutual fund with a growth investment strategy
- Investors willing to accept price fluctuations in their investment
- Investors who can tolerate the risks associated with common stocks

## Performance

The following bar chart and table provide some indication of the risks of investing in the Fund’s No-Load Class by showing changes in the No-Load Class’s performance from year to year and by showing how the average annual returns of the No-Load Class shares for the 1-year, 5-year and 10-year periods and for the life of the Fund compare with those of a broad measure of market performance. To obtain updated performance information, please call (888) 727-3301 or visit [www.sparrowcapital.com](http://www.sparrowcapital.com). The Fund’s past performance, before and after taxes, is not necessarily an indication of its future performance.

No-Load Class Annual Total Returns as of December 31<sup>st</sup>



2012	12.07%
2013	37.67%
2014	1.07%
2015	-0.73%
2016	-4.18%
2017	31.63%
2018	6.73%
2019	27.58%
2020	98.81%
2021	-10.56%

\* The Fund's No-Load Class year-to-date performance as of September 30, 2022 was -29.62%.

During the period shown in the chart for the No-Load Class, the highest return for a quarter was 52.36% (quarter ended June 30, 2020); and the lowest return was -25.67% (quarter ended December 31, 2018).

**Average Annual Total Returns**  
*(For the periods ended December 31, 2021)*

	<b><u>1 Year</u></b>	<b><u>5 Year</u></b>	<b><u>10 Year</u></b>
<b>No-Load Class</b>			
Return Before Taxes	-10.56%	26.09%	16.81%
Return After Taxes on Distributions	-10.56%	25.17%	16.04%
Return After Taxes on Distributions and Sale of Fund Shares	-6.25%	21.23%	13.98%
<b>S&amp;P 500 Index</b> (reflects no deduction for fees, expenses or taxes)	28.71%	18.45%	16.53%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. After-tax returns are shown for the Fund's No-Load Class only, and after-tax returns for other classes will vary.

The S&P 500 Index (the "Index") is an unmanaged benchmark that assumes reinvestment of all distributions and excludes the effect of taxes and fees. The Index is a widely recognized unmanaged index of equity prices and is representative of a broader market and range of securities than is found in the Fund's portfolio. Individuals cannot invest directly in the Index.

## Management

**Investment Adviser:** Sparrow Capital Management, Inc., is the Fund's investment adviser.

**Portfolio Manager:** Gerald Sparrow, the President and Chief Investment Officer of the adviser, has been the Fund's sole portfolio manager since its inception in 1998.

## Purchase and Sale of Fund No-Load Class Shares

The minimum initial and subsequent investment in the Fund's No-Load Class is set forth in the table below.

Account Type	Minimum Investment
Initial Investment:	
• Taxable Accounts	\$2,500
• Qualified Retirement Accounts <i>without Automatic Investment Plan</i>	\$250
<i>with Automatic Investment Plan</i>	None
• Educational IRAs <i>without Automatic Investment Plan</i>	\$500
<i>with Automatic Investment Plan</i>	None
Subsequent Investments:	
• Taxable Accounts	\$100
• Qualified Retirement Accounts <i>without Automatic Investment Plan</i>	\$50
<i>with Automatic Investment Plan</i>	\$50 for minimum of 12 consecutive months
• Educational IRAs <i>without Automatic Investment Plan</i>	None
<i>with Automatic Investment Plan</i>	\$50 for minimum of 12 consecutive months

You may purchase and redeem shares of the Fund on any day that the New York Stock Exchange is open. Redemption requests may be made in writing, by telephone or through a financial intermediary and will be paid by check or wire transfer.

## Tax Information

Dividends and capital gain distributions you receive from the Fund are taxable to you at either ordinary income or capital gains tax rates unless you are investing through a tax-deferred account such as an IRA or 401(k).

## Financial Intermediary Compensation

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## **ADDITIONAL INFORMATION ABOUT THE FUND'S PRINCIPAL INVESTMENT STRATEGIES AND RELATED RISKS**

### **Investment Objective**

The investment objective of the Sparrow Growth Fund (the “Fund”) is long-term capital appreciation. The Fund’s investment objective may be changed without shareholder approval.

### **Principal Investment Strategies of the Fund**

The Fund typically invests in a broad range of U.S. common stocks which Sparrow Capital Management, Inc., the Fund’s adviser, believes have above-average prospects for appreciation, based on a proprietary investment model developed by the adviser. The model looks at a variety of factors to select stocks that the adviser believes demonstrate strong earnings momentum. These growth momentum factors include expanding profit margins, accelerating earnings, positive earnings surprises, positive earnings estimate revisions, and positive relative price strength.

The adviser believes that buying stocks of good businesses with strong earnings-per-share growth prospects at reasonable prices is the best formula for long-term success, rather than chasing hot sectors. In determining whether prices are reasonable, the adviser attempts to determine value by comparing a company’s assets and business strengths to the current price of the company’s stock. In valuing a company, the adviser takes a long-term approach, with an emphasis on management strength and the fundamental profitability of the company’s business. To assess management strength, the adviser looks for characteristics such as a long-term record of success or positive opinions from industry observers. The adviser also may select stocks of companies whose businesses it expects to be impacted in a favorable manner by new products, services or contracts, regulatory action and/or trends in the economy. At time, the Fund may focus its investments in the healthcare and/or technology sector.

The Fund may invest in stocks of all market capitalization ranges based on the adviser’s assessment of the relative opportunities and risks of each category. This means the Fund may invest in companies of all sizes, which includes large-, mid-, and small-cap securities. Small-cap companies are defined by the adviser as those having market capitalization of less than \$1 billion. Mid-cap companies are defined by the adviser as those having market capitalization between \$1 billion and \$5 billion. Large-cap companies are defined by the adviser as those having market capitalization in excess of \$5 billion.

### **Temporary Defensive Positions**

From time to time, the Fund may take temporary defensive positions, which are inconsistent with the Fund’s principal investment strategies, in attempting to respond to adverse market, economic, political, or other conditions. For example, the Fund may hold all or a portion of its assets in money market funds, investment grade short-term money market instruments including U.S. Government and agency securities, commercial paper, certificates of deposit, repurchase agreements and other cash equivalents. As a result of engaging in these temporary measures, the Fund may not achieve its investment objective. The Fund may also invest in these money market instruments at any time to maintain liquidity or pending selection of investments in accordance with its policies.



## Principal Risks of Investing in the Fund

- **Market Risk.** Overall stock market risks may affect the value of the Fund. Factors such as domestic economic growth and market conditions, interest rate levels, climate-change and climate-related events, global pandemics and political events affect the securities markets and could cause the Fund's share price to fall.
- **Company Risk.** The value of the Fund may decrease in response to the activities and financial prospects of an individual company in the Fund's portfolio. The value of an individual company can be more volatile than the market as a whole.
- **Management Risk.** The Fund typically invests in companies that appear to be growth-oriented companies. Growth companies are companies that the adviser believes will have revenue and earnings that grow faster than the economy as a whole, offering above-average prospectus for capital appreciation and little or no emphasis on dividend income. The adviser's skill in choosing appropriate investments will play a large part in determining whether the Fund is able to achieve its investment objective. If the adviser's assessment of the prospects for individual securities is incorrect, it could result in significant losses in the Fund's investment in those securities, which can also result in possible losses overall for the Fund.
- **Mid Cap Risk.** Stocks of mid-cap companies are riskier than stocks of larger companies. Many of these companies are young and have a limited track record. Their securities may trade less frequently and in more limited volume than those of more mature companies. Mid-cap companies also may lack the managerial, financial or other resources necessary to implement their business plans or succeed in the face of competition. The prospects for a company or its industry may deteriorate because of a variety of factors, including disappointing operating results or changes in the competitive environment.
- **Small Cap Risk.** To the extent the Fund invests in small-cap companies, the Fund will be subject to additional risks. These include:
  - The earnings and prospects of smaller companies are more volatile than larger companies.
  - Smaller companies may experience higher failure rates than do larger companies.
  - The trading volume of securities of smaller companies is normally less than that of larger companies and, therefore, may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
  - Smaller companies may have limited markets, product lines or financial resources and may lack management experience.
- **Sector Risk.** If the Fund's portfolio is overweighted in a certain industry sector, any negative development affecting that sector will have a greater impact on the Fund than a fund that is not overweighted in that sector.

*Healthcare Sector Risk.* The profitability of companies in the healthcare sector may be affected by government regulations and government healthcare programs, increases or decreases in the cost of

medical products and services, an increased emphasis on outpatient services, demand for medical products and services and product liability claims, among other factors. Many healthcare companies are heavily dependent on patent protection, and the expiration of a company's patent may adversely affect that company's profitability. Healthcare companies are subject to competitive forces that may result in price discounting, and may be thinly capitalized and susceptible to product obsolescence.

## **Portfolio Holdings**

A description of the Fund's policies regarding the release of portfolio holdings information is available in the Fund's Statement of Additional Information. Shareholders may request the Fund's most recently quarterly portfolio holdings schedule at no charge by calling (888) 727-3301.

## **Cybersecurity**

The computer systems, networks and devices used by the Fund and its service providers to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized by the Fund and its service providers, systems, networks, or devices potentially can be breached. The Fund and shareholders could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact the Fund's business operations, potentially resulting in: financial losses; interference with the Fund's ability to calculate NAV; impediments to trading; the inability of the Fund, the Adviser, and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which the Fund invests; counterparties with which the Fund engages in transactions; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions (including financial intermediaries and service providers for the Fund's shareholders); and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

## **MANAGEMENT OF THE FUND**

**Investment Adviser:** Sparrow Capital Management, Inc., 8500 Maryland Avenue, Suite 743, St. Louis, Missouri 63105, manages the Fund's investments. The adviser is an independent registered investment adviser and, as of November 30, 2022, had \$177,549,973 of equity and fixed income assets under management. Clients primarily include high net worth individuals

and families, but also include a number of institutional clients such as pension funds. The firm was founded in 1988 by President Gerald R. Sparrow. Mr. Sparrow controls the adviser.

For the fiscal year ended August 31, 2022, the Fund paid the adviser a management fee equal to 1.00% of the Fund's average daily net assets.

The Fund's annual report for the year ended August 31, 2022 contains information about the factors that the Board of Trustees considered in renewing the Fund's management agreement with Sparrow Capital Management on July 28, 2022.

**Portfolio Manager:** Mr. Gerald Sparrow is the Fund's sole portfolio manager, with day-to-day responsibility for managing the Fund's portfolio and selecting its portfolio securities. Mr. Sparrow is the President and Chief Investment Officer of the adviser and guides the growth, development, and overall investment philosophy of the adviser. Mr. Sparrow has over 20 years of investment management experience. In addition to his responsibilities at the adviser, Mr. Sparrow also serves as the general partner of a private investment partnership. Mr. Sparrow graduated *summa cum laude* from the University of Missouri with a BS in Business in 1985 and he received an MBA from Washington University in 1987. Mr. Sparrow has served as a portfolio manager for the Fund since its inception in 1998.

The Fund's Statement of Additional Information provides additional information about the portfolio manager, including his compensation, other accounts that he manages, and his ownership of shares of the Fund.

## DETERMINATION OF NET ASSET VALUE

The price you pay for your shares of the Fund is based on the net asset value per share ("NAV"). The No-Load Class NAV is calculated as of the close of trading (normally 4:00 p.m. Eastern time) on each business day on which the New York Stock Exchange is open for trading ("Business Day"). The Stock Exchange is closed on weekends, most federal holidays, and during some emergencies. The No-Load Class NAV is calculated separately by dividing the value of the total assets of the class (including dividends and interest accrued but not yet received) minus liabilities of the class (including accrued expenses) by the total number of outstanding shares of the class. Purchases and redemptions of No-Load Class shares of the Fund will be made at the NAV next calculated after an order is received by the Fund, or a person authorized by the Fund, in proper form. Because the value of the Fund's investment portfolio changes every Business Day, the NAV usually changes as well.

Securities held by the Fund generally are valued at market value. Short-term securities with maturities of 60 days or less are valued based on amortized cost. If market quotations are not readily available or are deemed unreliable, the security will be valued at a fair value determined in good faith by the adviser, in accordance with policies and procedures adopted and regularly reviewed for appropriateness and accuracy by the Board of Trustees. Fair valuation also is permitted if, in the adviser's opinion, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before the Fund's NAV calculation that may affect a security's value, or the adviser is aware of any other data that calls into question the reliability of market quotations. Without fair valuation, short-term traders could take advantage of the arbitrage opportunity and dilute the NAV of

long-term investors. Investments in foreign securities or other thinly traded securities are more likely to trigger fair valuation than other securities. Fair valuation of the Fund’s portfolio securities can serve to reduce arbitrage opportunities available to short-term traders, but there is no assurance that fair value pricing policies will prevent dilution of the Fund’s NAV by short-term traders, or that the Fund will realize fair valuation upon the sale of a security.

**HOW TO BUY NO-LOAD CLASS SHARES**

The Fund offers three classes of shares. Only No-Load Class shares are offered in this prospectus. In addition to the No-Load Class shares, Class A and Class C shares are offered through a different prospectus and each have a different fee structure and sales charge. There are many factors to consider when choosing the share class that is appropriate for your investment needs. Some of these include the amount of your initial investment, the total amount you intend to invest over time, and how long you intend to hold your investment before redeeming your shares of the Fund. You may wish to consult with your financial adviser for advice with regard to which share class would be most appropriate for you.

The No-Load Class shares are sold to clients of registered investment advisers, financial planners or other institutional investors or other platform offered by any 401(k) plan, bank, trust company or broker-dealer that has entered into a selling agreement with the Fund’s distributor. The No-Load Class shares may also be purchased directly from the Fund through the distributor or the Fund’s adviser. For more information, call Mutual Shareholder Services, LLC (“Shareholder Services”) at (888) 727-3301. The No-Load shares are purchased at net asset value without deducting a sales charge. You do not pay an initial sales charge on purchases of No-Load shares and all of your purchase payment is immediately invested in the Fund.

You may purchase No-Load Class shares of the Fund by investing the minimum amount required for the type of shares you are purchasing, and the type of account that you open, as described below. The adviser may waive these minimum investments in its sole discretion. If your investment is aggregated into an omnibus account established by an investment adviser, broker-dealer or other financial intermediary, the investment minimums apply to the omnibus account, not to your individual account; however, the financial intermediary may also impose minimum requirements that are different from those set forth in this prospectus. If you purchase or redeem shares through a financial intermediary, you may be charged a fee by that intermediary.

Account Type	Minimum Investment
Initial Investment:	
• Taxable Accounts	\$2,500
• Qualified Retirement Accounts	
<i>without Automatic Investment Plan</i>	\$250
<i>with Automatic Investment Plan</i>	None
• Educational IRAs	
<i>without Automatic Investment Plan</i>	\$500
<i>with Automatic Investment Plan</i>	None

Account Type	Minimum Investment
Subsequent Investments:	
<ul style="list-style-type: none"> <li>Taxable Accounts</li> </ul>	\$100
<ul style="list-style-type: none"> <li>Qualified Retirement Accounts <i>without Automatic Investment Plan</i> <i>with Automatic Investment Plan</i></li> </ul>	\$50 \$50 for minimum of 12 consecutive months
<ul style="list-style-type: none"> <li>Educational IRAs <i>without Automatic Investment Plan</i> <i>with Automatic Investment Plan</i></li> </ul>	None \$50 for minimum of 12 consecutive months

**Initial Purchase:** You may open an account and make an initial investment through securities dealers having a sales agreement with the Fund's distributor. You may also invest directly by mail or by wire:

**By Mail:** To be in proper form, your initial purchase request must include:

- a completed and signed investment application form which accompanies this Prospectus; and
- a check (subject to the minimum amounts) made payable to the Fund.

Mail the completed application and check to:

**via U.S. Mail or Overnight**

Sparrow Growth Fund  
 c/o Mutual Shareholder Services, LLC  
 8000 Town Centre Drive, Suite 400  
 Broadview Heights, Ohio 44147

**By Wire:** You may also purchase shares of the Fund by wiring federal funds from your bank, which may charge you a fee for doing so. To wire money, you must call Shareholder Services at (888) 727-3301 to obtain instructions on how to set up your account and to obtain an account number. You should be prepared at that time to provide the information on the application.

You must mail a signed application to Mutual Shareholder Services, LLC (the Fund's transfer agent), at the above address in order to complete your initial wire purchase. Wire orders will be accepted only on a day on which the Fund, custodian and transfer agent are open for business. A wire purchase will not be considered made until the wired money is received and the purchase is accepted by the Fund. Any delays which may occur in wiring money, including delays which may occur in processing by the banks, are not the responsibility of the Fund or the transfer agent. There is presently no fee for the receipt of wired funds, but the Fund may charge shareholders for this service in the future.

### **Automatic Investment Plan**

You may make regular investments in the Fund with an Automatic Investment Plan by completing the appropriate section of the account application and attaching a voided personal check, and mailing to Mutual Shareholder Services, LLC, the Fund's transfer agent. Investments may be made monthly to allow dollar-cost averaging by automatically deducting

the applicable minimum set forth in the table above from your bank checking account. You may change the amount of your monthly purchase at any time. If an Automatic Investment Plan purchase is rejected by your bank, your shareholder account will be charged a fee of \$35 to defray bank charges.

### **Additional Investments**

You may purchase additional shares of the Fund at any time (subject to minimum investment requirements) by mail, wire, or automatic investment. Each additional mail purchase request must contain:

- |                         |  |
|-------------------------|--|
| -your name              | -the name of your account(s)                 |
| -your account number(s) | -a check made payable to Sparrow Growth Fund |

Checks should be sent to the Sparrow Growth Fund at the address listed under “Initial Purchase – By Mail.” A bank wire should be sent as outlined under “Initial Purchase – By Wire.”

### **Tax Sheltered Retirement Plans**

The Fund may be an appropriate investment medium for tax-sheltered retirement plans, including: individual retirement plans (IRAs); simplified employee pensions (SEPs); 401(k) plans; qualified corporate pension and profit-sharing plans (for employees); tax deferred investment plans (for employees of public school systems and certain types of charitable organizations); and other qualified retirement plans. You should contact the Fund’s transfer agent at (888) 727-3301 for the procedure to open an IRA or SEP plan, as well as more specific information regarding these retirement plan options. Please consult with an attorney or tax adviser regarding these plans. You must pay custodial fees for your IRA by redemption of sufficient shares of the Fund from the IRA unless you pay the fees directly to the IRA custodian. Call Shareholder Services about the IRA custodial fees at (888) 727-3301.

### **Other Purchase Information**

No-Load shares of the Fund are sold on a continuous basis at the net asset value next determined after receipt of a purchase order by the Fund or person authorized by the Fund. The Fund has authorized certain broker-dealers and other financial institutions (including their designated intermediaries) to accept on its behalf purchase and sell orders. The Fund is deemed to have received an order when the authorized person or designee receives the order, and the order is processed at the net asset value next calculated thereafter. It is the responsibility of the broker-dealer or other financial institution to transmit orders promptly to the Fund’s transfer agent. If you choose to purchase shares directly from the Fund, you will not incur charges on purchases and redemptions. However, if you purchase or redeem shares through an intermediary, you may be charged a fee by that intermediary.

The Fund may limit the number of purchases and refuse to sell shares to any person. If your check or wire does not clear, you will be responsible for any loss incurred by the Fund. You may be prohibited or restricted from making future purchases in the Fund. Checks should be made payable to the Fund. The Fund and its transfer agent may refuse any purchase order for any reason. Cash, third party checks (except for properly endorsed IRA rollover checks), counter checks, starter checks, traveler’s checks, money

orders, (other than money orders issued by a bank), credit card checks, and checks drawn on non-U.S. financial institutions will not be accepted. Cashier's checks, bank official checks, and bank money orders may be accepted in amounts greater than \$10,000. In such cases, a fifteen (15) business day hold will be applied to the funds (which means that you may not redeem your shares until the holding period has expired).

## HOW TO EXCHANGE SHARES

You may exchange your No-Load Class shares of the Fund for another class of the Fund. In general, the same rules and procedures that apply to sales and purchases apply to exchanges. You may call Shareholder Services at (888) 727-3301 to exchange shares. An exchange may also be made by written request signed by all registered owners of the account mailed to the address listed above. Requests for exchanges will be processed at the next calculated NAV after receipt of the request (e.g., prior to close of trading on the New York Stock Exchange (4:00 p.m. Eastern time)).

An exchange is made by selling your No-Load Class shares of Fund and using the proceeds to buy shares of another class at the NAV next calculated after your request, plus any applicable sales charge. For more information about the Class A shares and Class C shares and the sales charges imposed on purchases of such shares, call Shareholder Services at (888) 727-3301. An exchange results in a sale of shares for federal income tax purposes. If you make use of the exchange privilege, you may realize either a long-term or short-term capital gain or loss on the shares sold.

If your exchange creates a new account, you must satisfy the requirements of the Class in which shares are being purchased. You may make an exchange to a new account or an existing account; however, the account ownership must be identical. Exchanges may be made only in states where an exchange may legally be made. The Fund reserves the right to terminate or modify the exchange privilege at any time.

## HOW TO REDEEM SHARES

The Fund typically expects that it will take between 5 business days following the receipt of your redemption request to pay out redemption proceeds by check or electronic transfer. The Fund typically expects to pay redemptions from cash, cash equivalents, proceeds from the sale of Fund shares, any lines of credit, and then from the sale of portfolio securities. These redemption payment methods will be used in regular and stressed market conditions. The proceeds may be more or less than the purchase price of your shares, depending on the market value of the Fund's securities at the time of your redemption. A wire transfer fee of \$15 is charged to defray custodial charges for redemptions paid by wire transfer. The fee is subject to change. Any charges for wire redemptions will be deducted from your Fund account by redemption of shares. If you redeem your shares through a broker/dealer or other institution, you may be charged a fee by that institution.

**By Mail:** You may redeem any part of your account in the Fund by mail. Your request should be addressed to:

**via U.S. Mail or Overnight:**

Sparrow Growth Fund  
c/o Mutual Shareholder Services, LLC  
8000 Town Centre Drive, Suite 400  
Broadview Heights, Ohio 44147

Your request for a redemption must include your letter of instruction, including the Fund name, account number, account name(s), the address, and the dollar amount or number of shares you wish to redeem. Requests to sell shares that are received in proper form are processed at the net asset value next calculated after we receive your order in proper form. To be in proper form, your request must be signed by all registered share owner(s) in the exact name(s) and any special capacity in which they are registered. The Fund may require that signatures be guaranteed if you request the redemption check be made payable to any person other than the shareholder(s) of record or mailed to an address other than the address of record, or if the mailing address has been changed within 30 days of the redemption request. The Fund may also require a signature guarantee for redemptions of \$25,000 or more. Signature guarantees are for the protection of shareholders. All documentation requiring a signature guarantee stamp must utilize a New Technology Medallion stamp, generally available from the bank where you maintain a checking or savings account. You can obtain a signature guarantee from most banks and securities dealers, but not from a notary public. For joint accounts, both signatures must be guaranteed. Please call Shareholder Services at (888) 727-3301 if you have questions. At the discretion of the Fund or the Fund's transfer agent, you may be required to furnish additional legal documents to insure proper authorization.

**By Telephone:** You may redeem any part of your account in the Fund by calling Shareholder Services at (888) 727-3301. You must first complete the Telephone Redemption section of the investment application to institute this option. Telephone redemption requests are subject to the signature guarantee requirements set forth in the previous paragraph. The Fund, the transfer agent and the custodian are not liable for following redemption instructions communicated by telephone that they reasonably believe to be genuine. However, if they do not employ reasonable procedures to confirm that telephone instructions are genuine, they may be liable for any losses due to unauthorized or fraudulent instructions. Procedures employed may include recording telephone instructions and requiring a form of personal identification from the caller.

The Fund or the transfer agent may terminate the telephone redemption procedures at any time. During periods of extreme market activity, it is possible that shareholders may encounter some difficulty in telephoning the Fund, although neither the Fund nor the transfer agent has ever experienced difficulties in receiving, and in a timely fashion, responding to telephone requests for redemptions. If you are unable to reach the Fund by telephone, you may request a redemption by mail.

**Policy on Market Timing:** The Fund discourages market timing. Market timing is an investment strategy using frequent purchases, redemptions and/or exchanges in an attempt to profit from short term market movements. Market timing may result in dilution of the value of Fund shares held by long term shareholders, disrupt portfolio management and increase Fund expenses for all shareholders. The Board of Trustees will not permit the Fund to enter into any arrangements with any person to permit frequent purchases and redemptions of Fund shares.

Upon identification of any investor who makes two trades into and out of the Fund (each a "roundtrip") within one year, the Fund will send a written warning to such investor that if such trading continues, they will be forbidden from any further trading in the Fund. Should any roundtrip take place after the investor has received such warning, the investor will be forbidden from making future purchases of Fund shares.

While the Fund attempts to deter market timing, there is no assurance that the Fund will be able to identify and eliminate all market timers. For example, certain accounts called



“omnibus accounts” include multiple shareholders. Despite the Fund’s efforts to detect and prevent abusive trading activities, it may be difficult to identify such activity in certain omnibus accounts traded through a financial intermediary. Omnibus accounts typically provide the Fund with a net purchase or redemption request on any given day where purchasers of Fund shares and redeemers of Fund shares are netted against one another and the identity of individual purchasers and redeemers whose orders are aggregated is not known by the Fund. Consequently, the Fund may not have knowledge of the identity of investors and their transactions. Under a Securities and Exchange Commission rule, the Fund is required to have an agreement with its intermediaries obligating the intermediaries to provide, upon the Fund’s request, information regarding the intermediaries’ customers and their transactions. However, there can be no guarantee that all excessive, short-term or other abusive trading activities will be detected, even if such an agreement is in place. Certain intermediaries, in particular retirement plan sponsors and administrators, may have less restrictive policies regarding short-term trading. The Fund reserves the right to reject any purchase order for any reason, including purchase orders that it does not think are in the best interest of the Fund or its shareholders or if the Fund thinks that trading is abusive.

**Additional Information:** If you are not certain of the requirements for a redemption please call Shareholder Services at (888) 727-3301. Redemptions specifying a certain date or share price cannot be accepted and will be returned. You will be mailed the proceeds on or before the fifth business day following the redemption. However, payment for redemption made against shares purchased by check will be made only after the check has been collected, which normally may take up to fifteen calendar days. Also, when the New York Stock Exchange is closed (or when trading is restricted) for any reason other than its customary weekend or holiday closing, or under any emergency circumstances (as determined by the Securities and Exchange Commission) the Fund may suspend redemptions or postpone payment dates. You may be assessed a fee if the Fund incurs bank charges because you direct the Fund to re-issue a redemption check.

Redemption proceeds sent by check by the Fund and not cashed within 180 days will be reinvested in the Fund at the current day’s NAV. Redemption proceeds that are reinvested are subject to the risk of loss like any other investment in the Fund.

In addition to paying redemption proceeds in cash, the Fund reserves the right to make payment for a redemption in securities rather than cash, which is known as a “redemption in kind.” Redemptions in kind will be made only under extraordinary circumstances and if the Fund deems it advisable for the benefit of all shareholders, such as a very large redemption that could affect Fund operations (for example, more than 1% of the Fund’s net assets). A redemption in kind will consist of securities equal in market value to the Fund shares being redeemed, using the same valuation procedures that the Fund uses to compute its NAV. If the Fund redeems your shares in kind, you will bear the market risks associated with maintaining or selling the securities that are transferred as redemption proceeds. In addition, when you sell these securities, you will pay taxes and brokerage charges, if any, associated with selling the securities.

All shares of the Fund are also subject to involuntary redemption if the Board of Trustees determines to liquidate the Fund. The Board may close the Fund upon notice to shareholders but without having to obtain shareholder approval. An involuntary redemption will create a capital gain or a capital loss which may have tax consequences about which you should consult a tax adviser.

## DIVIDENDS, DISTRIBUTIONS AND TAXES

**DIVIDENDS AND DISTRIBUTIONS.** The Fund typically distributes to its shareholders as dividends substantially all of its net investment income and any realized net capital gains. These distributions are automatically reinvested in the Fund unless you request cash distributions on your application or through a written request. The Fund expects that its distributions will consist primarily of capital gains.

**TAXES.** Net investment income distributed by the Fund generally will consist of interest income and dividends received on investments, less expenses. The dividends you receive, whether or not reinvested, will be taxed as ordinary income. Dividends normally will be distributed by the Fund on an annual basis.

The Fund typically distributes net realized capital gains (*i.e.*, the difference between the net long-term capital gain and net short-term capital loss) to shareholders at least once a year. Capital gains are generated when the Fund sells its capital assets for a profit. Capital gains are taxed differently depending on how long the Fund held the capital asset sold. You may want to avoid making a substantial investment when the Fund is about to make a taxable distribution because you would be responsible for any taxes on the distribution regardless of how long you have owned your shares. Any amount the Fund distributes in excess of its income and gains is generally treated as a non-taxable return of capital.

Unless you indicate another option on your account application, any dividends and capital gain distributions paid to you by the Fund automatically will be invested in additional Fund shares. Alternatively, you may elect to have: (1) dividends paid to you in cash and the amount of any capital gain distributions reinvested; or (2) the full amount of any dividends and capital gain distributions paid to you in cash. The Fund will send dividends and capital gain distributions elected to be received as cash to the address of record or bank of record on the applicable account. Your distribution option will automatically be converted to having all dividends and other distributions reinvested in additional shares if any of the following occur:

- Postal or other delivery service is unable to deliver checks to the address of record;
- Dividends and capital gain distributions are not cashed within 180 days; or
- Bank account of record is no longer valid.

Dividends and capital gain distribution checks issued by the Fund that are not cashed within 180 days will be reinvested in the Fund at the current day's NAV. When reinvested, those amounts are subject to the risk of loss like any other investment in the Fund.

Selling shares (including redemptions) and receiving distributions (whether reinvested or taken in cash) usually are taxable events to the Fund's shareholders.

***Because your tax situation is unique, you should consult your tax professional about federal, state and local tax consequences.***

## FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. The total returns in the table represent the rate that you would have earned (or lost) on an investment in the Fund's No-Load Class (assuming reinvestment of all dividends and distributions). Certain information reflects financial results for a single No-Load Class share. This information has been audited by the Fund's independent registered public accounting firm, Cohen & Company, Ltd., whose report, along with the Fund's financial statements, are included in the Fund's Annual Report, which is available upon request and without charge by calling Shareholder Services at (888) 727-3301.

Selected data for a share outstanding throughout the year.

	Years Ended				
	<u>8/31/2022</u>	<u>8/31/2021</u>	<u>8/31/2020</u>	<u>8/31/2019</u>	<u>8/31/2018</u>
Net Asset Value, at Beginning of Year	\$ 50.62	\$ 40.08	\$ 25.35	\$ 28.93	\$ 20.37
Income (Loss) From Investment Operations:					
Net Investment Loss <sup>(a)</sup>	(0.23)	(0.60)	(0.43)	(0.45)	(0.44)
Net Gain (Loss) on Investments (Realized and Unrealized)	(16.43)	11.48	15.51	(1.91)	10.53
Total from Investment Operations	(16.66)	10.88	15.08	(2.36)	10.09
Distributions:					
Realized Gains	-	(0.34)	(0.35)	(1.22)	(1.53)
Total from Distributions	-	(0.34)	(0.35)	(1.22)	(1.53)
Net Asset Value, at End of Year	\$ 33.96	\$ 50.62	\$ 40.08	\$ 25.35	\$ 28.93
Total Return <sup>(b)</sup>	(32.91)%	27.14%	60.27%	(6.57)%	52.72%
Ratios/Supplemental Data:					
Net Assets at End of Year (Thousands)	\$ 20,008	\$ 48,818	\$ 22,345	\$ 10,016	\$ 9,446
Ratio of Expenses to Average Net Assets	1.39%	1.30%	1.57%	1.85%	1.94%
Ratio of Net Investment Loss to Average Net Assets	(0.56)%	(1.23)%	(1.54)%	(1.81)%	(1.87)%
Portfolio Turnover <sup>(c)</sup>	192.58%	44.86%	13.14%	23.94%	42.85%

(a) Per share net investment loss has been determined on the basis of average shares outstanding during the period.

(b) Total return represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends.

(c) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes.

## PRIVACY POLICY

*The following is a description of the Fund's policies regarding disclosure of nonpublic personal information that you provide to the Fund or that the Fund collects from other sources. In the event that you hold shares of the Fund through a broker-dealer or other financial intermediary, the privacy policy of your financial intermediary would govern how your nonpublic personal information would be shared with nonaffiliated third parties.*

**Categories of Information the Fund Collects.** *The Fund collects the following nonpublic personal information about you:*

- *Information the Fund receives from you on applications or other forms, correspondence, or conversations (such as your name, address, phone number, social security number and date of birth); and*
- *Information about your transactions with the Fund, its affiliates, or others (such as your account number and balance, payment history, parties to transactions, cost basis information, and other financial information).*

**Categories of Information the Fund Discloses.** *The Fund does not disclose any nonpublic personal information about its current or former shareholders to affiliated or unaffiliated third parties, except as required or permitted by law. The Fund is permitted by law to disclose all of the information it collects, as described above, to its service providers (such as the Fund's custodian, administrator and transfer agent) to process your transactions and otherwise provide services to you.*

**Confidentiality and Security.** *The Fund restricts access to your nonpublic personal information to those persons who require such information to provide products or services to you. The Fund maintains physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.*

**Disposal of Information.** *The Fund, through its transfer agent, has taken steps to reasonably ensure that the privacy of your nonpublic personal information is maintained at all times, including in connection with the disposal of information that is no longer required to be maintained by the Fund. Such steps shall include, whenever possible, shredding paper documents and records prior to disposal, requiring off-site storage vendors to shred documents maintained in such locations prior to disposal, and erasing and/or obliterating any data contained on electronic media in such a manner that the information can no longer be read or reconstructed.*

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## FOR MORE INFORMATION

Several additional sources of information are available to you. The Statement of Additional Information (SAI), incorporated into this prospectus by reference, contains detailed information on Fund policies and operations, including policies and procedures relating to the disclosure of Fund portfolio holdings by the Fund's affiliates. Additional information about the Fund's investments is available in the Fund's annual and semi-annual reports to shareholders. In the Fund's annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during its last fiscal year. Call Shareholder Services at (888) 727-3301 to request free copies of the SAI and the Fund's annual and semi-annual reports, to request other information about the Fund and to make shareholder inquiries. The Fund will send the requested documents within 3 business days of receipt of the request. Due to the costs of maintaining [www.sparrowcapital.com](http://www.sparrowcapital.com), the Sparrow Growth Fund's SAI or annual and semi-annual reports cannot currently be downloaded from its website.

You may review and obtain information about the Fund (including the SAI and other reports) on the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>, and copies of this information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, Washington, D.C. 20549-0102.