

Hollow Brook Wealth Management LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Hollow Brook Wealth Management, LLC (“Hollow Brook”, “HBWM” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 212-364-1840. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Hollow Brook is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Summary of Material Changes

The following material changes have been made to this brochure since the previous annual amendment was filed in March 2016.

- The Advisory Business section was updated to reflect Hollow Brook’s ownership.
- The Advisory Business section and the Investment Discretion section were updated to reflect the fact that Hollow Brook exercises investment discretion over one advisory consulting account.
- The Fees and Compensation section was updated to reflect the fact that Hollow Brook may charge a combined fee if a client engages Hollow Brook to provide both discretionary investment management services and advisory consulting services.
- The Brokerage Practices section was updated to reflect the fact that Hollow Brook no longer accepts client-directed brokerage except to the extent that a client enters into a custodial arrangement that prohibits “trading away” from Hollow Brook’s required custodian.

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Advisory Business

Hollow Brook provides continuous discretionary investment management services to the majority of its clients. Hollow Brook also provides advisory consulting services to a number of clients. In our discretionary separate account business, Hollow Brook manages the large majority of its clients’ accounts in a public equity portfolio that employs a top down macro approach coupled with the research-driven bottom up security selection process. Discretionary separate account portfolios generally have similar holdings and weightings and typically consist of 25 to 30

positions (or fewer in the case of complimentary accounts described below). Clients may impose reasonable mandates or restrictions; for example, some Hollow Brook clients have an income objective (i.e. dividends, interest), therefore these clients may hold more income-paying investments than other Hollow Brook clients.

In Hollow Brook's advisory consulting business, the firm advises high net-worth families, endowments, and pension assets on manager selection, asset allocation, and portfolio risk management. Advisory consulting is tailored towards the individual needs of clients. Advisory consulting clients typically retain final approval authority to implement recommendations made by Hollow Brook and Hollow Brook typically does not execute subscription documents for advisory consulting clients. However, there is currently one advisory consulting client that has instructed Hollow Brook to make such investment decisions and execute such subscription documents on its behalf. Hollow Brook therefore has investment discretion over such advisory consulting client's account.

Additional information with respect to Hollow Brook's discretionary separate account management and advisory consulting services is located below in the *Methods of Analysis, Investment Strategies, and Risk of Loss* section.

Hollow Brook has been in business as a registered investment adviser since January 2008. Edgar Wayne Nordberg, Philip Ernst Richter and Alan Lee Bazaar are principal owners of Hollow Brook. As of December 31, 2016, Hollow Brook managed approximately \$267 million in regulatory assets under management on a discretionary basis on behalf of 195 accounts. This includes the account of the advisory consulting client over which Hollow Brook exercises investment discretion. Further, Hollow Brook provided investment advisory consulting (i.e. no discretion) to approximately \$307 million in assets on behalf of sixteen accounts.

Fees and Compensation

Clients compensate Hollow Brook for providing discretionary investment management services based on a percentage of assets under management as set forth in their investment advisory agreements. The basic annualized fee structure is as follows for such separate accounts:

<u>Market Value</u>	<u>Fee</u>
First \$1 million	1.75 %
Next \$9 million	1.50 %
Next \$10 million	1.25 %
Over \$20 million	1.00 %

Under certain limited circumstances, Hollow Brook may manage on a complimentary basis small accounts that are related to accounts of clients with substantial assets under management by Hollow Brook. In such cases, Hollow Brook may waive fees that would otherwise be due in accordance with its fee schedule until the complimentary account attains at least \$50,000 in assets under management. Hollow Brook reserves the right to charge the applicable fee under its investment management agreement with such smaller accounts at its discretion. Such accounts

will continue to pay brokerage commissions for transactions effected on their behalf. Hollow Brook may waive fees for accounts of employees' family members.

The fees of Hollow Brook shall be determined and paid on a calendar quarterly basis in arrears as follows: the fee for a particular calendar quarter shall be equal to the product of: (A) the average total market value of the assets under Hollow Brook's management (including cash and cash equivalents) pursuant to this Agreement determined as of the last business day of each month in such calendar quarter (but, with respect to each such month, without giving effect to any withdrawal from the Account as of the end of the month); (B) multiplied by one quarter ($\frac{1}{4}$) of the annual rate set forth below; provided, that if this Agreement is in effect for only part of a calendar quarter, then the fee rate for the partial quarter shall be equal to the product of the annual rate multiplied by a fraction, the numerator of which is the number of days in such partial quarter and the denominator of which is 365. The fee with respect to any calendar quarter shall be deducted from the Account and paid to Hollow Brook as of the first business day of the next succeeding quarter. Fees charged for most discretionary management clients are deducted from the client's account. Some Hollow Brook clients pay fees via check or wire. Clients may select either method.

Fees may be negotiable, depending on the types of assets under management, the size of the accounts, the historical or projected nature of the trading for the account, and the extent of supplemental services to be provided to the account. If a client has more than one account under management or if several members of the same family are clients, Hollow Brook reserves the right to aggregate accounts for purposes of calculating their fees. In such cases, Hollow Brook will generally: (i) use the sum of the market values of such accounts for each month in a calendar quarter for purposes of determining the applicable fee rate(s); and (ii) pro rate the calculated fee for a calendar quarter among such accounts based on relative account size (which shall, for each account, be based on the sum of the month-end value of the account for each month in the applicable calendar quarter). Where such aggregation occurs and, as a result, multiple annual fee rates are applicable, Hollow Brook will endeavor to apply such rates to each aggregated account on a pro rata basis based on relative account size. Whether or not a Client has multiple family accounts shall be determined by Hollow Brook in its sole discretion.

In addition to Hollow Brook's investment management fees, clients will incur trading costs and custodial fees (please refer to the *Brokerage Practices* section for more information). Where clients have so directed, Hollow Brook will generally utilize Pershing Advisor Solutions ("Pershing") to execute transactions at a standard commission rate of \$.03 per share. Hollow Brook may receive soft dollar credits of \$.015 per share from such commissions. Hollow Brook will be entitled to be reimbursed by Client for reasonable out-of-pocket expenses incurred by it (including, without limitation, compliance and legal fees and expenses) in connection with its provision of services with respect to the Account. If any such expenses are incurred in connection with multiple client accounts of Hollow Brook, then Hollow Brook will be entitled to be reimbursed by Client for a pro rata portion of such expenses (based on the number of such client accounts). With respect to such reimbursable expenses, Hollow Brook will periodically forward to Client and Custodian a statement itemizing the expenses for which Hollow Brook seeks reimbursement, along with related receipts or other documentary evidence. Payment for such

expenses will be due and payable within ten (10) days after the date that the itemized statement and related documentation is delivered to the Custodian.

Hollow Brook may invest a portion of Clients' assets in registered investment companies or structured products, including, but not limited to, mutual funds, exchange-traded funds, exchange-traded notes and closed-end funds. Investment advisory fees paid to Hollow Brook are separate and distinct from the fees and expenses charged by third-party managers and/or funds. Advisers to registered investment companies and structured products charge a management fee, and the funds/products pay fees and expenses (described in a fund prospectus) that are in addition to Hollow Brook's management fee.

In response to adverse or unusual market, economic, political, or other conditions as determined by the advisor, Hollow Brook may take temporary defensive positions (e.g. cash) for clients. At these times, clients must be aware that there are less expensive alternatives available for cash management.

Hollow Brook also provides consulting advice to a number of clients on asset allocation and recommending and/or providing access to outside managers. Hollow Brook is responsible for performing due diligence, facilitating account opening, monitoring investment performance and providing account statements, among other things. Hollow Brook generally charges either a flat fee of 20 to 150 basis points of the total assets under management for consulting services, or a fixed annual retainer fee. Advisory consulting fees are subject to negotiation. Fees paid to Hollow Brook for consulting advice are separate and distinct from the fees and expenses charged by third-party managers to the client. For consulting clients, fees are assessed quarterly in advance or arrears and billed directly to the client.

Certain clients may elect to engage Hollow Brook to provide both discretionary investment management services and advisory consulting services. For such clients, Hollow Brook may either charge separate investment management and advisory consulting fees for each respective service or it may agree to charge a combined flat fee of the combined investment management and advisory consulting assets under management. Such alternate fee arrangements are subject to negotiation.

Each client enters into an investment advisory agreement that continues in force and effect until either the client or Hollow Brook gives written notice to the other party of its intention to cancel it, in which event the contract shall terminate on such date as is specified by the terminating party. When either party terminates the relationship, fees are prorated from the beginning of the quarter through the specified termination date. If the account paid fees in advance, any prepaid unearned fees will be refunded to the client.

Performance Based Fees and Side-by-Side Management

Hollow Brook does not charge performance-based fees to any clients.

Types of Clients

In both the separate account (discretionary) and advisory consulting businesses, Hollow Brook's clients include foundations, institutions, trusts, individuals, and family offices. For certain client accounts, Hollow Brook may be deemed a fiduciary under certain Department of Labor rules. Hollow Brook will abide by the Impartial Conduct Standards in relation to such accounts.

Hollow Brook generally requires a minimum of \$1 million in assets for new discretionary client relationships. Hollow Brook generally requires a minimum of \$10 million in assets for new advisory consulting client relationships. The minimum account size may be waived under certain circumstances based on analysis of the relationship of the account to other accounts managed by Hollow Brook, the potential for growth in the account, the nature and duration of other business relationships between Hollow Brook and the account holder and any other relevant factors.

Methods of Analysis, Investment Strategies and Risk of Loss

Hollow Brook conducts fundamental and technical analysis as well as charting on all securities recommended for client accounts. In certain cases Hollow Brook will simultaneously manage separate accounts as well as advise on manager selection and asset allocation for a given client. Below is a summary of Hollow Brook's businesses and our methods of analysis.

Separate Accounts (Discretionary)

In the separate account business, Hollow Brook manages a strategy, which is a public equity portfolio that employs a top down macro approach coupled with the research-driven bottom up security selection process. Hollow Brook's internal research process utilizes a wide variety of tools to field, select, purchase and monitor equity investments. Hollow Brook's discretionary account research process includes, but is not limited to a review of the following items: SEC filings, independent research reports, Hollow Brook propriety models, industry trade reports, company visits, meetings with management, competitor analysis, and attending industry conferences. Hollow Brook ultimately seeks out investments in public companies that are trading at a discount to intrinsic value and will benefit from positive macro trends. On occasion, Hollow Brook may invest client assets in corporate bonds, options, master limited partnerships ("MLPs"), mutual funds (e.g. open-end, closed-end, and/or exchange-traded mutual funds), exchange-traded funds and exchange-traded notes. For clients in need of income, Hollow Brook may modify its strategy to focus on dividend-paying securities. A committee comprised of Hollow Brook investment personnel is responsible for providing investment recommendations for discretionary separately managed accounts.

Advisory Consulting

In Hollow Brook's advisory consulting business, the firm advises high net-worth families, endowments, and pension assets on manager selection, asset allocation, and portfolio risk management. To identify, find, and select appropriate investment managers for recommendation, Hollow Brook leverages its industry contacts that have been developed over the past decade. Through a selection process Hollow Brook seeks to identify new, existing, or emerging managers that meet Hollow Brook's desired portfolio return and profile. Hollow Brook will

identify a potential manager and attempt to learn more about them over time by reading quarterly updates, attending annual meetings, and speaking with existing investors. Hollow Brook manager diligence often will include on-site visits, partner background checks, reasonable due diligence questionnaires, and a review of audited financial reports.

Risk

All investing involves a risk of loss that clients should be prepared to bear. The investment strategies offered by Hollow Brook could lose money over short or long periods. Identifying undervalued securities and other assets is difficult, and there are no assurances that such a strategy will succeed. Furthermore, clients may be forced to hold such investments for a substantial period of time before realizing any anticipated value. Hollow Brook cannot give any guarantee that it will achieve its investment objectives or that any client will receive a return of its investment. Below is a summary of potentially material risks for each significant Hollow Brook investment strategy used, the methods of analysis used, and/or the particular type of security recommended.

- **Lack of Diversification.** Hollow Brook's investment strategies may be non-diversified, which means that Hollow Brook may invest a greater percentage of clients' assets in the securities of fewer issuers. Based on historical market data, a less diversified portfolio is more volatile than a broadly diversified portfolio.
- **Stock Market Risk** - There is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- **Call Options** - There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security offset by the gain by the premium received if the option expires out of the money, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing the premium if the option expires out of the money. The writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security, currency or other asset above the exercise price of the option. This risk is enhanced if the security or other underlying asset is highly volatile and there is a significant outstanding short interest. These conditions exist in the stock of many companies. Purchasing securities or other assets (that are thinly traded) to satisfy the exercise of the call option can itself cause the price of the securities or other assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the client of all or a substantial portion of its assets.
- **Put Options** - There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sale price of the short position of the underlying security offset by the premium if the option expires out of the money, and thus the gain in the premium, and the option seller gives up the opportunity for gain on the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing the premium if the option expires out of the money. For the writer of an uncovered put, should the price of the underlying drop below the put strike price, the writer may be forced

to buy the shares at the put strike price. The sale of an uncovered put option could result in substantial losses, including a substantial amount more than the premium received.

- MLPs- MLPs are often marketed as investments that combine the tax benefits of limited partnerships with the liquidity of publicly traded securities. An investment in MLP units, however, involves risks that differ from a similar investment in equity securities, such as common stock, of a corporation. Holders of MLP units have the rights typically afforded to limited partners in a limited partnership. As compared to common shareholders of a corporation, holders of MLP units have more limited control and limited rights to vote on matters affecting the partnership. Further, there are certain tax risks associated with an investment in MLP units, as MLP units are treated differently for tax purposes than common stock. Clients are advised to speak with their accountant to receive tax advice about MLPs.
- Investing in securities entails risks associated with the underlying business. Investments in securities entails all the risks associated with the underlying businesses, including reliance on a company's managers and their ability to execute business strategies. In addition, all businesses face risks such as adverse changes in regulatory requirements, interest rate and currency fluctuations, general economic downturns, changes in political situations, market competitions and other factors. Hollow Brook will not have day-to-day control over any company in which it invests for clients.

Disciplinary Information

Hollow Brook and its employees have not been involved in any legal or disciplinary events in the past 10 years.

Other Financial Industry Activities and Affiliations

Hollow Brook Two, LLC ("Hollow Brook Two"), formed in December 2006 before Hollow Brook launched, is a proprietary investment vehicle which holds a non-controlling interest in a private clean energy investment fund. One Hollow Brook client and two supervised persons invested in Hollow Brook Two. Hollow Brook Two is not open to new investors, the investment period is closed, and the private clean energy investment fund differs from the types of investments recommended to HBWM clients. Consequently, Hollow Brook Two is not believed to have a material conflict of interest with Hollow Brook's clients.

Hollow Brook's Chief Executive Officer also serves as an advisory board member of G. Scott Capital Partners, LLC ("Scott Capital"), a single purpose firm that makes private equity investments. Because Scott Capital uses an investment strategy that differs from that typically used by Hollow Brook, the Chief Executive Officer is not compensated for being an advisory board member, and his advisory board activities do not take up a material amount of time, the Chief Executive Officer's participation on the advisory board is not believed to be a material conflict of interest with Hollow Brook's clients.

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

Hollow Brook has adopted a Code of Ethics (“Code”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 that covers all officers, directors, employees of or members in Hollow Brook who are involved in the advisory process (each an “Access Person”). Under the Code, an Access Person includes members of an Access Person’s immediate family and household, accounts over which the access Person has investment control or discretion and accounts in which the Access Person (or member of such Access Person’s immediate family) has a beneficial ownership interest.

The Code requires all employees to exercise their authority and responsibility for the benefit of clients and to refrain from activities that may conflict with the interests of clients. The Code contains policies and procedures that, among other things:

- prohibit employees from taking personal advantage of opportunities belonging to clients;
- prohibit trading on the basis of material, nonpublic information;
- place limitations on personal trading by employees and impose preclearance and annual and quarterly reporting obligations with respect to such trading;
- impose limitations on the giving or receiving of gifts and entertainment; and
- restrict employees’ outside business activities.

It is the policy of Hollow Brook to permit Access Persons to transact in the same securities as clients. Further, a client should understand that other clients of HBWM, as well as HBWM itself, its affiliates, and persons associated with HBWM and its affiliates may invest in or with investment managers, investment funds and/or other investments that HBWM, as adviser, recommends as or for client assets. Such transactions present an inherent conflict of interest for Access Persons to favor their own investment transactions over client transactions. Hollow Brook subjects Access Persons to preclearance procedures that are intended to minimize any potential impact on, or benefit to related persons from, client transactions. Further, almost all securities in which Hollow Brook invests for discretionary clients are widely traded in public securities markets. HBWM has discretionary authority over certain employee, family member, proprietary, or other related person accounts (“Related Accounts”). The management of Related Accounts presents inherent conflicts of interests, such as a Related Account: 1) trading before clients (i.e., front-running), and/or; 2) receiving a better allocation or price than clients. To address and mitigate (potential) conflicts of interest associated with Related Accounts, HBWM seeks to ensure that Related Accounts will have a substantially similar percentage of assets in each security as other client accounts (although account composition may vary to some extent based upon a number of factors, including investment restrictions, and the timing of actual or anticipated capital additions or withdrawals). Subject to any client directed brokerage requirements (see Brokerage Practices below) and provided it does not subject clients to additional costs or fees, Related Accounts will generally transact in securities alongside client accounts, receive the average price that clients pay for securities transactions, and pay their share of transaction costs. In the event that an aggregated order including both Related Accounts and client accounts is only partially filled, the participating accounts will receive a pro rata allocation. In certain instances (e.g., when assets are added to or withdrawn from Related Accounts), HBWM may purchase or sell securities for Related Accounts when other client accounts are not purchasing or selling the same security.

With limited exceptions, Related Accounts will not receive a more advantageous price than client accounts for a particular security purchased or sold on the same trading day. For more information, please refer to the Trade Aggregation and Allocation disclosures below in the Brokerage Practices section.

Hollow Brook may recommend securities in which employees directly or indirectly have a financial interest. Related person(s) of Hollow Brook sit on the boards and own securities of publicly traded companies in which clients and employees may be invested. As a matter of Hollow Brook's policy, clients/employees are limited to trading these particular securities only during the "open period" when declared by the issuing companies. Hollow Brook or its related persons may, from time to time, come into possession of material non-public or other confidential information about these companies as a result of these board positions. Under applicable law, Hollow Brook would be prohibited from improperly disclosing or using this information for its personal benefit or for the benefit of any person, regardless of whether the person is a client of Hollow Brook. Accordingly, should Hollow Brook or any related person come into possession of material nonpublic or other confidential information with respect to these or any other companies, Hollow Brook will have no responsibility or liability for failing to disclose the information to clients as a result of following its policies and procedures designed to comply with applicable law.

Access Persons who violate the Code are subject to sanctions. All Access Persons must annually re-certify in writing their familiarity and compliance with the Code of Ethics. Hollow Brook will provide a copy of its Code to any advisory client or prospective advisory client upon request.

Brokerage Practices

Separate Accounts (Discretionary)

Hollow Brook typically has discretionary authority to select the brokers through whom transactions for its clients will be carried out. As a fiduciary, Hollow Brook has a duty to seek best execution for all transactions it executes on behalf of each of its clients. Hollow Brook will seek to execute transactions in such a manner that its clients' total cost or proceeds is the most favorable over the long term. Beyond the price at which the security is bought/sold and the charges associated with such transactions, in selecting brokers Hollow Brook will consider other qualitative factors including the nature and character of the security being traded and the activity existing and expected in the markets, including the size of the trade; the desired timing of the transaction; Hollow Brook's knowledge of negotiated commission rates; the full range of brokerage services to be provided, including the broker's execution, clearance and settlement capabilities, capital strength and stability, idea generation, access to conferences, reasonableness of the commission for the specific transaction, and responsiveness to Hollow Brook, and the quality of the brokerage services and of research products and services provided to Hollow Brook.

Hollow Brook generally requires that clients select Pershing as their custodian. This practice could impact best execution because depending on the custodial arrangement that the client enters into, Pershing could either prohibit the client from "trading away" or charge a "trade away" fee that could increase transaction costs. This means that except for when noted below, Hollow

Brook expects that a substantial majority of client trades will be executed by Pershing. With this in mind, and as part of Hollow Brook's fiduciary duty, Hollow Brook conducts a periodic best execution review that includes an assessment of the pricing and services received from Pershing.

Advisory clients who use Pershing as their custodian provide written direction to effect securities transactions through Pershing at a fixed rate of \$.03 per share, subject to a minimum commission charge of \$10.00 per transaction. While Hollow Brook believes the commission rates charged by Pershing are comparable to (or better than) those of other broker-dealers providing similar services to similar client bases, such rates may be higher than rates available from other brokers, either overall or in certain transactions.

While Hollow Brook expects that a substantial majority of Client trades will be executed by Pershing, it reserves the right to use other brokers who have particular industry, company-specific, geographic or other expertise for particular transactions. In such event, commissions shall be determined by negotiation between Hollow Brook and such other executing brokers. Such transactions will also be subject to a \$12.00 per trade fee by Pershing as custodian.

To the extent a client enters into a custodial arrangement that prohibits "trading away" from Pershing, this could have the same effect as if the client had directed that we only use Pershing to execute their securities transactions. Such clients are advised that in the event that Hollow Brook elects to use another broker-dealer for particular transactions, such "effective direction" of brokerage may result in their receiving less favorable executions in such transactions, because Hollow Brook will only be able to use Pershing for such transactions regardless of execution capabilities or opportunities with respect to particular transactions.

In addition, such transactions may be executed before or after transactions for other clients have been executed, or may be excluded from block trades, and any associated economies of scale. Hollow Brook retains discretion in determining the order in which brokers are contacted to place orders. Therefore, in transacting on the same investment, Clients that "effectively direct" Hollow Brook to only use Pershing may receive a different execution price and higher transaction costs than clients whose custodial arrangement permit the use of other broker-dealers. Ultimately, "effectively directing" brokerage may be viewed as costing clients more money.

For clients who do not "effectively direct" their brokerage to Pershing or another broker-dealer, Hollow Brook is responsible for the negotiation of brokerage commissions charged by such broker-dealers.

Pershing generally charges a fixed \$.03 cents per share commission to Hollow Brook's clients. Included in that amount may be \$.015 per share in return for soft dollar credits with Pershing. Hollow Brook may enter into comparable soft dollar or commission agreements with executing brokers other than Pershing that provide soft dollar credits to Hollow Brook in connection with clients' securities transactions. To the extent that Hollow Brook generates such credits and receives research or brokerage products and services, it will be receiving a benefit by reason of Hollow Brook's use of Pershing or other executing brokers that provide soft dollar credits. Hollow Brook may have a conflict of interest to trade with brokers that provide Hollow Brook with a greater ratio of soft dollar credits than Pershing. When Hollow Brook uses client brokerage

commissions (or markups or markdowns) to obtain research or other products or services, Hollow Brook receives a benefit because Hollow Brook is not paying for the research, products or services. Research received by Hollow Brook for soft dollars may be used by Hollow Brook in managing some or all of its clients' assets, including discretionary separate accounts and advisory consulting clients. Some research may not necessarily be used by Hollow Brook in managing the assets of the clients whose commission dollars provided for the research. All soft dollar services will qualify for the safe harbor in Section 28(e) of the Securities Exchange Act of 1934. Within the last fiscal year, Hollow Brook acquired the following products or services with soft dollars: Bloomberg, research from brokers, and research from independent third-party research providers. Research received by Hollow Brook is generally in the form of daily emails, monthly letters, company specific reports, access to broker-sponsored conferences, and conference calls with the independent third-party research providers. Hollow Brook may have an incentive to select a broker-dealer based on receiving research or other products or services, rather than our clients' interests in receiving best execution. However, consistent with Section 28(e), Hollow Brook will make a good faith determination that client commissions paid to a broker are reasonable in relation to the value of the products or services provided by such broker.

Pershing may also provide Hollow Brook and/or Hollow Brook clients with certain products and services in connection with Hollow Brook clients having assets custodied at Pershing, but not in connection with clients' securities transactions. For example, Pershing provides access to its institutional trading and operations services not typically available to Pershing's retail customers. These services are generally available to Hollow Brook according to a special pricing schedule based upon Hollow Brook's commitment that clients will place or maintain a specified dollar amount of assets in accounts at Pershing within a specified period of time. Access to these services is not based on client commissions paid to Pershing. Pershing makes available to Hollow Brook other products and services that may benefit Hollow Brook and many, but not necessarily all, of our clients. Some of these other products and services assist Hollow Brook in managing and administering client accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our clients' accounts. Hollow Brook's receipt of services from Pershing creates a conflict of interest because Hollow Brook receives the benefit of the above ancillary services. Further, Hollow Brook has an incentive to recommend Pershing based on Hollow Brook's interest in receiving ancillary services. Since many of Hollow Brook's clients are individuals, Hollow Brook believes that such clients will benefit from access to institutional trading and operations services provided by Pershing. As discussed above, to mitigate potential conflicts and as part of Hollow Brook's fiduciary duty, Hollow Brook conducts a periodic best execution review that includes an assessment of the pricing and services received from Pershing.

In the event of a trade error caused by Hollow Brook, the Company will follow its trade error policies and procedures to ensure that the error be corrected at no cost to the client. Clients may retain gains resulting from a trade error.

Trade Aggregation and Allocation

Hollow Brook may aggregate client transactions when a particular security is bought or sold for multiple client accounts through the same broker-dealer (generally Pershing). Aggregated orders may include Related Accounts provided such aggregation does not subject clients to additional costs or fees. Hollow Brook shall seek to allocate investment opportunities, including new issue allocations or limited investment opportunities, among clients in the fairest possible way taking into account clients' best interests. Allocations will be made according to pre-trade allocation statements and each account will participate in the aggregated order at the average price of the security on a given business day for all transactions in connection with the aggregated order. Such average price could be higher or lower than would have been received by a client had the transaction been executed for such client individually. In the event a limited number of shares are available or there are capacity constraints in a private placement, Hollow Brook may utilize a rotational methodology for allocating among eligible advisory accounts.

In the case of partial fills of orders, allocations will be determined pro-rata based on pre-trade allocations. Exceptions to pro rata allocation of partially filled orders may include, without limitation, the avoidance of a client's holding odd lots or similar de minimis numbers of shares or the payment of additional ticket costs charged by broker/dealer custodians such as Pershing. In the event of a partial fill exception to avoid the payment of additional ticket cost charged by broker/dealer custodians such as Pershing, Hollow Brook will use a computerized randomizer to fairly allocate a partial fill.

Hollow Brook's policy is to treat all clients fairly and equitably with respect to the aggregation and allocation of orders.

Advisory Consulting

Hollow Brook does not execute securities transactions on behalf of advisory consulting clients. Please refer to disclosures throughout this brochure for additional information with respect to our advisory consulting business.

Review of Accounts

Reviews of discretionary accounts under Hollow Brook's management are done periodically (approximately weekly) and focus on position sizes, the level of cash holdings, and portfolio composition in light of market events and client specific developments. Hollow Brook monitors company and stock specific events and will review accounts more frequently as necessary.

Reviews of consulting accounts, for which Hollow Brook makes recommendations of managers and asset allocations, are done periodically, in keeping with the term and liquidity of the investments. Hollow Brook also attends the annual meetings of the managers that it recommends to its consulting clients.

Reviews of all accounts are performed primarily by Wayne Nordberg, Chairman, Philip Richter, President and Chief Compliance Officer, Alan Bazaar, Chief Executive Officer, and David Oring, Vice President.

Clients with discretionary accounts receive the following written statements from custodians with respect to their investment advisory accounts:

1. A monthly report showing holdings and their fair market value and activity for the previous month; and
2. Daily trade confirmations from the executing broker-dealer.

Consulting clients receive a written monthly consolidated report on the performance of managers recommended to them.

Client Referrals and Other Compensation

Hollow Brook does not currently compensate third-party solicitors for referring clients. Should Hollow Brook engage in this activity, we intend to revise this disclosure to clients, and will maintain policies and procedures to comply with Rule 206(4)-3 under the Advisers Act (i.e. an SEC regulation addressing the use of solicitors).

Custody

For one advisory consulting client account, Hollow Brook has custody and engages an independent accountant to conduct a surprise exam and file Form ADV-E in accordance with Rule 206(4)-2 under the Advisers Act. All discretionary investment management clients' accounts are held in custody by an unaffiliated broker-dealer but Hollow Brook can access certain clients' funds through its ability to instruct the custodian to debit advisory fees. In these cases, Hollow Brook is also considered to have custody of client assets under Rule 206(4)-2. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by Hollow Brook.

Investment Discretion

Hollow Brook maintains discretionary authority over its discretionary investment management accounts and over one of its advisory consulting accounts. These clients enter into an investment advisory agreement which provides Hollow Brook with discretionary authority. Hollow Brook is responsible for the decisions to buy and sell securities for such clients. The particular securities and the amounts of such securities to be purchased and sold are determined by Hollow Brook consistent with each advisory client's investment objectives, policies and restrictions. Transactions for each client account may be completed independently. As such, there may be circumstances under which Hollow Brook deems it appropriate to cause one of its advisory clients to sell a security and another of its advisory clients to purchase the security on the same day.

Voting Client Securities

Hollow Brook does not have the authority to vote proxies on behalf of its clients. Clients are responsible for voting any such proxies. Hollow Brook does not forward proxies to clients. Clients should contact their custodian with questions about receiving proxies and the process for the client to execute voting on such proxies. Clients may contact Hollow Brook with questions about a particular solicitation.

Financial Information

Hollow Brook is not required to include a balance sheet for its most recent fiscal year, has never filed for bankruptcy, and is not aware of any financial condition that is expected to affect its ability to manage client accounts.