

PAUL COMSTOCK PARTNERS

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Wealth Advisory Services SEC Form ADV Part 2A – Firm Brochure

March 15, 2012

This brochure provides information about the qualifications and business practices of Paul Comstock Partners. If you have any questions about the contents of this brochure, please contact us using one of the methods provided above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Paul Comstock Partners is also available on the SEC's website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

There have been no material changes for Paul Comstock Partners since the last annual update on March 31, 2011.

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ADVISORY BUSINESS

Established in 1983 by its principal owner, Paul L. Comstock, Paul Comstock Partners (Comstock) is a fee only, investment, wealth, and fiduciary advisory firm. Comstock provides high net worth individuals, families, fiduciaries, and private and public exempt organizations with independent, research driven, strategic and tactical advice designed to maximize and affect the economic and non-economic benefits of their financial capital. Comstock's services are often provided under a structure similar to that of a Chief Investment Officer and their support staff (CIO Service).

What Sets Comstock Apart

- Comstock provides truly independent advice.
- Comstock incorporates the unique client issues and opportunities into all recommendations.
- Comstock utilizes the full range of traditional & alternative asset classes to meet client cash flow and growth objectives while minimizing risks.
- Comstock's recommendations target absolute performance rather than minimizing dispersion to indices.
- Comstock strives to establish client expectations that have a high probability of being met.

OBJECTIVE ADVICE

One of the foundations of the investment, wealth and fiduciary advisory process is Comstock's diligent attention in guarding objectivity. Comstock is privately owned and is not under the control of any parent organization or shareholders interested in selling investment products. Consulting revenue is Comstock's only revenue; working on a fee-only engagement and refusing to accept compensation from any service providers. Comstock does not originate investments. This freedom from the conflicts of interest that are so prevalent with many providers of investment advisory services allows clients to have the comfort of knowing that Comstock's recommendations are based exclusively on what is believed to be in their best interest.

ADVISORY PROCESS

Individuals, high net worth families and fiduciaries often face significant challenges associated with making and maintaining investments. Such challenges may include the impact of non-financial assets and organization circumstances. Comstock's team of investment professionals is skilled in implementing its unique strategic decision making process designed to bring order, discipline, efficiency, clarity of direction and organizational control to the investment process.

Comstock's process, applied to all areas of client engagement, obtains results by identifying the client's most Critical Issues, determining the Desired Outcomes for each critical issue, recognizing the Barriers in place that may prevent those outcomes, developing the Action Items necessary to eliminate the identified barriers, and assigning Leadership to be responsible for completion of the action items within an agreed upon time frame. Comstock gives Chief Investment Officer leadership to the regular monitoring and reporting of results of this process.

INVESTMENT ADVISORY SERVICES

Comstock offers Chief Investment Officer (CIO) structured investment advisory services to individuals, families, foundations, and non-profit organizations. The essence of Comstock's approach to investment advisory service is creating a sound working relationship with each client as their CIO wherein their investment objectives are realistic and well defined regarding cash flow requirements, expectations from current and recommended portfolio holdings, risks they will be subjected to, and how to measure results when making future decisions. In the process of advising investment clients, Comstock's duty and loyalty is to its clients and officially serves in a fiduciary capacity. As a fiduciary, Comstock guards against imposing any conflicts of interest. Comstock's capacity as a statutory fiduciary assures each client that the advice they are receiving matches their own specific needs rather than those of a financial institution offering products.

Included in the role of CIO with a duty and loyalty only to its clients, Comstock has a strong sensitivity to costs. Portfolio expenses are not only those for the engagement of Comstock but include those additional costs within mutual funds, custodian fees, transaction commissions, or money managers engaged on a discretionary basis. All management, custodial costs, and transaction commissions are independent of Comstock and are negotiated on behalf of the client by Comstock.

Comstock's CIO Service, under any of their specific client engagements, may include making recommendations to buy or sell individual securities, certificates of deposit, unit investment trusts, precious metals and other commodities, limited and general partnership interests, real estate, mineral interests and insurance and annuity contracts.

In no instance will Comstock or any of its employees have a direct or indirect financial interest in any recommendation made.

Comstock may subcontract with other investment advisors for research services with regard to the recommendations it makes concerning a client's account. When such is the case, Comstock will pay all related fees and expenses for such services.

WEALTH ADVISORY SERVICES

In addition to the need for CIO Services, high net worth families often face significant challenges associated with wealth that extend beyond their investment portfolio performance. Comstock's team of professionals is skilled in implementing its unique strategic decision making process designed to assist family members in bringing order, discipline, efficiency, clarity of direction and responsible control to not only the investment management of their portfolio assets but also the organization and transfer planning for their total wealth. Included in this effort are the specific objectives of determining the non-financial goals of the family, developing a multi-generation succession plan, establish entity ownership transfer strategies and develop rising generation wealth responsibility training opportunities.

To insure the success of a planning effort involving such a complex and multi-dimensional circumstance, Comstock's engagement for its Wealth Advisory Services includes the organization of an Advisory Council. The Advisory Counsel is a team of tested and trusted advisors selected by the family. The Advisory Counsel consists of legal, tax and other specialists who have earned the clients' confidence.

Working together, under the direction of the family, the Advisory Counsel reaches consensus on appropriate recommendations providing clients with the best, most strategic thinking in a focused, understandable, and actionable format.

Comstock gives leadership to the regular monitoring and reporting of the results of the efforts of the Advisory Council as well as the investment activity within the various family investment entities.

FIDUCIARY ADVISORY SERVICES

In addition to the CIO Services as described under Investment Advisory Services outlined above, Comstock will focus on the development of a sound investment process that is consistent with meeting the provisions of a trust or other entity covered under either the Uniform Prudent Management of Institutional Funds Act (UPMIFA) or the Uniform Prudent Investor Act (UPIA). Comstock considers entity specific requirements and applies its processes with the highest level of best practice and ethical standards for the unique circumstances faced by each fiduciary.

INVESTMENT, WEALTH, and FIDUCIARY ADVISORY PROCESS

Acting as an independent CIO with the necessary support staff and systems for analysis, Comstock approaches each engagement by applying the following process:

Phase I: The initial work will be the development of a Present Position Analysis (PPA). Comstock will organize the client's financial and non-financial data in a manner that provides easy review by the client. Under a Wealth Advisory engagement members of the Advisory Council will also assist in this effort.

The analysis will include scenario planning to determine what the client might expect from current assets and governing documentation such as wills, trusts or restricted funds on an ongoing basis. The PPA will explore the impact of the client's current income and asset distribution objectives. For Wealth Advisory clients, it will ascertain and summarize the attitudes about money as developed by the client and their beneficiaries as well as consider the multi-generational issues that need to be addressed. For Fiduciary Advisory clients, a full analysis of compliance with the terms of the trust and the statutory provisions under which the management of the trust or the non-profit organization will be provided.

Phase II: Recommendations will be developed and presented based on the desired outcomes expressed in the Phase I effort. For Wealth clients, the recommendations will be the culmination of a group effort involving all members of the Advisory Council. The recommendations will outline and lead the client through the decisions that need to be made before commencing the third phase of implementation.

Phase III: Implementation of accepted recommendations commences. The orderly establishment or restructuring of existing accounts, ownership entities and governing documents necessary to implement the desired management of the client's financial assets will be provided. New financial organization entities will be created and funded when necessary to meet the clients stated objectives.

As part of the Phase III implementation, Comstock will assist the client with completing and submitting documentation for all approved recommendations. Such implementation will be done with brokers or agents selected by the client. Comstock will recommend brokers and/or custodians when requested by the client as well as assist in engagement negotiations. It is the

objective of Comstock to implement recommendations for the lowest prudent fees and commissions. Neither Comstock nor any of its employees will serve as a commissioned intermediary on such transactions. Comstock also monitors execution costs of client trades made by sub advisers.

Phase IV: Monitoring in-place and newly acquired holdings begins. This on-going effort is critical to future decision-making. Comstock will continue to monitor the implementation and performance of the client's assets, all service providers and, for Wealth clients, serve as coordinator of the Advisory Council. Quarterly reports will be provided each client. In circumstances agreed upon between the client and Comstock, report meetings will be held. For Wealth clients, meetings to discuss strategic issues will generally include members of the Advisory Council. For Fiduciaries, such reports include compliance with adopted investment policies. In addition, Fiduciary and Wealth engagements may include report meetings with beneficiaries.

ADDITIONAL PUBLIC AND PRIVATE NON-PROFIT ORGANIZATION SERVICES

Comstock also advises individual donors of public nonprofit organizations on specific gift recommendations and provides assistance to the donor's advisors. Such services are provided on a pre-agreed upon fee prior to services being rendered. Fees may be charged based on an hourly rate, project, or monthly retainer and are determined based on the specific needs of the client. In addition, Comstock will also assist public non-profits who serve as trustees of charitable trusts or offer gift annuities in managing the investment responsibilities for each of those entities.

Comstock may provide strategic planning services for private foundations. These services include assisting in the strategies that surround its design, its funding, and the investment of its assets. These services also involve annual assistance in the administration of the foundation with regard to record keeping, investment monitoring, and general advice.

TAX AND LEGAL ADVICE NOT PROVIDED

It is important to note that under any of the Comstock advisory engagements, neither Comstock, nor any of its employees, will serve in the capacity of providing legal or tax advice. To provide such input, Comstock requires the collaboration of the clients legal and tax advisor prior to implementing any portfolio recommendations

CURRENT ASSETS UNDER ADVISEMENT

As of December 31, 2011 Comstock's assets under advisement as reported to the SEC are:

Non-discretionary assets	\$1,625,952,379
Discretionary assets	\$0

Consulting on Net Worth

Comstock serves as advisors on over \$2 billion of assets within client estates.

FEES AND COMPENSATION

INVESTMENT ADVISORY SERVICES

Engagement fees for Phase I & Phase II of our process as previously described will range from \$10,000 to \$100,000 and will be agreed upon prior to engagement.

Fees charged for on-going investment advisory services are based upon the following schedule and are subject to an annual minimum of \$24,000:

<u>Financial Asset Values</u>	<u>Fee</u>
Up to \$5,000,000	0.75%
Next \$20,000,000	0.60%
Over \$25,000,000	0.25%

Fees for investment advisory services may vary from client to client with similar sized portfolios and are determined upon the specific circumstances of each engagement. Fees applying to new clients may be greater than to existing clients having the same portfolio complexity and value.

WEALTH ADVISORY SERVICES

Engagement fees for Phase I & Phase II of our process as previously described will range from \$30,000 to \$250,000 and will be agreed upon prior to engagement. For Phase I and II, the fee is billed ½ upon engagement and the balance when the work is completed.

Fixed fee retainer engagements are generally entered into for Phase III and IV. The fee is quoted based on the complexity of the engagement as determined during Phase I and II. The agreed upon fixed annual fee is billed quarterly in advance. On-going consulting engagements include participation on the Advisory Council, organization and facilitation of family meetings as well as investment oversight and reporting.

FIDUCIARY ADVISORY SERVICES

Engagement fees for Phase I & Phase II of our process as previously described will range from \$10,000 to \$50,000 and will be agreed upon prior to engagement. For Phase I and II, the fee is billed ½ upon engagement and the balance with the work is completed.

For trusts and foundations with assets of less than \$50 million, the investment advisory services fee schedule applies. For trusts and foundations with assets of \$50 million or more, a fixed fee retainer will generally be entered into. In some instances a combination of fixed retainer and percentage of asset fee structure will be developed.

GENERAL PROVISIONS

The fee quoted for Phase I and II under any of the above advisory services is based on the complexity of the circumstances presented by the client. All fees are agreed to in advance and are only subject to change if agreed upon by the client.

Comstock's fees and the method of payment of the fees shall be clearly described in each client's investment consulting agreement.

Ongoing client fees are invoiced on a monthly or quarterly basis according to the client's preference. Fees are billed in advance. All invoices are due and payable within 30 days of receipt.

If fees are to be deducted from a client's custodial account, the client must give permission in writing before a deduction occurs. Ordinarily the client grants this authority in the custody agreement and application provided by the delegated custodian. When such is the case, Comstock will send an invoice to the client, detailing the value of the account at the time the fee calculation was made, the exact basis on which the fees were calculated (i.e. the percentage applied to the assets under advisement), and the dollar amount of fees to be deducted. Clients will be informed that the custodian does not verify the accuracy of the fee calculation and that it is the client's responsibility to verify this calculation.

Phase I and II fees under any of the advisory engagements may be canceled after 5 business days without penalty. If a client terminates the engagement after 5 business days but within 30 days, and prior to the work being completed, a 50% refund of the initial fee paid will be made. If work has been in progress for more than 30 days, a refund of 25% of the prepaid fee will be made. Notice of termination must be in writing and will be effective upon receipt by Comstock. Clients are not required to pay the second ½ of the Phase I and II fee unless they are satisfied with the report provided.

On-going engagement fees are billed monthly or quarterly in advance. All clients may cancel such agreements at any time and receive a pro-rated refund of any un-earned fee from the date of receipt of the written notification to Comstock of the termination.

Fees charged by funds, custodians, banks and or managers are in addition to any fees paid to Comstock.

Fees for all advisory services may vary from client to client with similar sized portfolios and are determined upon the specific circumstances of each engagement.

Many of Comstock's engagements are project specific and are charged a one-time fee for that project. When such is the case, ½ of the agreed upon fee is due upon engagement. The balance is due upon the client's agreement that the work has been completed.

Comstock will serve as an expert witness in investment dispute circumstances under a pre agreed upon hourly rate or project fee.

Comstock will not accept a performance fee agreement.

Comstock may also provide additional planning services on a stand alone project basis. Fees for such services are mutually agreed upon prior to engagement. In some instances the above fees may be adjusted, either higher or lower, based on individual circumstances. When such is the case, the client and Comstock will mutually agree to such a change prior to the services being rendered.

While it is the intent of Comstock to provide services on a competitive fee basis, fees may be higher than those charged by other advisors for similar services. Investment of assets in mutual fund shares involves expenses associated with such ownership as described in each fund's prospectus. Should the investment advisory agreement between Comstock and a client be terminated prior to the date all services have been rendered and for which a fee has been

prepaid, a prorata portion of the fee will be refunded to the client. Such a refund will be made as previously stated.

Comstock may, upon request of the client, review limited partnership offerings or other direct business opportunities to determine suitability. These offerings may include various investment options, such as direct investing in an operating business, hedge funds or private debt. Comstock will generally act in such a capacity upon the specific request of the client and such review will not be to determine the legal or tax validity of the offering. If such reviews are requested by existing clients there may or may not be an additional fee for doing so. If an additional fee would be required, the client must agree to it prior to the work being completed and a fee incurred. Such reviews, if applicable, are conducted at a pre-agreed upon hourly rate or project fee.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Comstock does not participate in performance-based or side-by-side management.

TYPES OF CLIENTS

Individuals & Foundations with investment assets of \$5 million or greater, desiring investment advisory service.

High Net Worth Families with investment assets of \$20 million or greater faced with complex wealth management, transfer and administrative issues including multifaceted organizations, partnerships, and private companies involving family and internal professional staff.

Public or Private Tax-Exempt Organizations with investment assets of \$20 million or greater.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Comstock employs a single long term investment strategy based upon owning a diversified portfolio of high quality assets. The strategy makes a few fundamental assumptions, namely that an open economic system will remain in place, property rights will be protected and owning a diversified portfolio of equity securities, real estate and other assets will enable one to directly participate in their respective underlying cash flows over a long period of time. An environment where these assumptions do not hold will likely mean that no asset is safe. Comstock assumes that government policies may not always be ideal for economic growth, that there will be major geopolitical disruptions and that economic cycles may impair underlying cash flows and valuations for significant periods of time. Because of these uncertainties, a sufficient reserve of liquid, safe assets (5-7 years of cash flow requirements in high quality, liquid fixed income instruments) is necessary to optimize the chances of financial survival. A diversified portfolio that matches liquidity needs remains the only serious investment strategy, even though valuation declines will be incurred periodically due to market fluctuations.

Within diversified portfolios, Comstock recommends investment managers who purchase a range of securities with differing risk characteristics. Comstock's role is to analyze both the quality of the management and understand the risk characteristics of the underlying investments.

A diversified portfolio of stocks provides exposure to the overall productive activity of the economy and a long term, if imperfect, hedge against inflation. The primary risks are that the earnings of the underlying companies underperform current expectations. Over longer term periods, stocks can be expected to pass through moderate levels of inflation. Some companies can do this more easily than others but in aggregate this concept generally holds true. A volatile monetary environment with periods of very high inflation or severe deflation would translate into market disruptions and poor earnings performance, but this macroeconomic risk is typically assumed to be part of the overall risk which investors are compensated for investing in equities.

With a diversified bond portfolio of high credit quality, future levels of inflation pose the primary risk factor. Provided the time period is sufficiently in excess of maturities, bonds will pass through inflation as well. One can assume that investors will demand a positive real return on fixed income, pricing bonds relative to expected inflation so that at any given point in time so that they can receive historical average real returns of 2-3%. Bonds in a portfolio will mature and be replaced with higher yielding issues that reflect increased current or expected inflation levels. While the short term impact of higher than expected inflation will be losses, given a typical average duration for investors of 3-6 years, the reinvestment at higher bond yields will begin to benefit the portfolio within a relatively short time period.

DISCIPLINARY INFORMATION

Neither Comstock nor its employees have had any legal or disciplinary events to report. This includes criminal or civil actions in a domestic, foreign or military court of competent jurisdiction, an administrative proceeding before neither the Securities and Exchange Commission nor any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority or a self-regulatory organization.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Comstock will not serve as broker or agent to effect securities transactions for compensation for any client. This means that neither Comstock nor any of its employees will serve as a commissioned intermediary on such transactions. Comstock has no affiliated brokerage relationships.

All individuals who provide or solicit investment advice for the firm will be registered with the Securities and Exchange Commission as investment adviser representatives prior to providing any advice to clients. Employees of Comstock do not hold active licenses to sell product.

Comstock may establish solicitation agreements with other Investment Advisors therefore compensating them for referring clients to or soliciting clients for Comstock. When such is the case, the client will receive full disclosure of any compensation prior to engaging the firm.

No person shall receive cash compensation, directly or indirectly, for referring a client to Comstock or soliciting clients to Comstock unless it is determined that the solicitor is in compliance with regulations governing solicitations and referrals.

In order to be compensated for making client referrals to Comstock or for soliciting for Comstock, the person to be compensated must be eligible to receive the payment and must be properly registered. Under federal regulations (17 C.F.R.), a solicitor may not be a person:

- Subject to an SEC order issued under section 203(f) of the Investment Advisors Act of 1940 ("the Act"); or
- Convicted within the previous ten years of any felony or misdemeanor involving conduct described in section 203 (e)(2)(A) through (D) of the Act;
- Who has been found by the Commission to have engaged, or has been convicted of engaging, in any of the conduct specified in paragraphs (1), (5) or (6) of section 203(e) of the Act; or
- Subject to an order, judgment or decree described in section 203(e)(4) of the Act.

If the solicitation or referral occurs in Texas or from Texas, the person to be compensated must be registered as an investment adviser, an investment adviser representative, or a solicitor with the State Securities Board and must provide proof of his or her registration to Advise.

In addition, in all circumstances in which a solicitation or referral fee is to be paid, there must be a written agreement between Comstock and the solicitor or referring party and written disclosure must be provided to clients who are the subject of the referral arrangement prior to, or at the time that Comstock enters into a written investment consulting agreement with the client. Furthermore, all clients must sign and date a written acknowledgment that they have received the required disclosure of the solicitation and referral agreement between Comstock and the party performing the solicitation or making the referral. On a continuing basis, Comstock shall make a bona fide effort to ascertain whether the solicitor has complied with the agreement, and shall have a reasonable basis for believing that the solicitor has complied with the agreement before making any solicitation or referral payments to the solicitor.

The written agreement between Comstock and the solicitor or referring party shall include the following terms:

- A description of the solicitation activities to be engaged in by the solicitor on behalf of Comstock and the compensation to be received for the solicitation activities;
- The solicitor's undertaking that he or she will perform his or her duties under the agreement in a manner consistent with Comstock's instructions and the provisions of the Act, the Texas Securities Act, and applicable federal and state regulations;
- The solicitor shall be required, at the time of any solicitation activities for which Comstock is to pay compensation, to provide the client with a current copy of Part II of Comstock's Form ADV and a separate written disclosure of the solicitation arrangements between Comstock and the solicitor.

The disclosure concerning solicitation and referral agreements provided to clients shall contain the following terms:

- Comstock's name;
- The name of the solicitor;
- The nature of the relationship, including any affiliation, between Comstock and the solicitor;
- A statement that Comstock will compensate the solicitor for his or her solicitation services;
- The terms of the compensation arrangement, including a description of the compensation paid or to be paid to the solicitor; and
- The amount, if any, for the cost of obtaining his or her account the client will be charged in addition to advisory fee, and the difference, if any, between fees paid by Comstock's clients who are not the subject of a solicitation and referral agreement and the fees paid by Comstock's clients who are the subject of a solicitation and referral agreement.

Brokers/custodians are selected based on their responsiveness to the investment objectives outlined to them and the competitiveness of their charges. Clients may specify the brokers (Directed Broker) they would like to play an active role in their portfolio or select among those brokers/custodians with whom Comstock has established relationships. Comstock has negotiated competitive execution fees with various brokers/custodians who are willing to work with their clients and/or related persons. Clients understand that by instructing a selected Manager to execute all transactions on behalf of their account through the Directed Broker, a disparity may exist between the commissions borne by the account and the commissions borne by a selected Manager's other clients that do not direct them to use a particular broker dealer.

Clients also understand that by instructing a selected Manager to execute all transactions on behalf of their account through the Directed Broker, Clients may not necessarily obtain commission rates and execution as favorable as those that would be obtained if the selected Managers were able to place transactions with other broker dealers. Clients may also forego benefits that a selected Manager may be able to obtain for its other clients through, for example, negotiating volume discounts or block trades. Comstock monitors execution costs of client trades made by sub-advisers

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Comstock has adopted a Code of Ethics which is adhered to by all its employees. The code is designed to: protect clients by deterring misconduct; educate employees regarding Comstock's expectations and the laws governing their conduct; remind employees that they are in a position of trust and must act with complete propriety at all times (Fiduciary Responsibility); protect the reputation of Comstock; and guard against violation of the securities laws. A copy of Comstock's Code of Ethics will be provided upon request.

Comstock has clients that occasionally have investment opportunities that are offered to other Comstock clients. Comstock receives no form of compensation for these transactions and all relationships are disclosed thru a Conflict of Interest Policy form signed by each investing client.

As principal, Comstock will not buy securities for itself from or sell securities it owns to any client. In addition, Comstock will not effect any agency cross transaction for a client, meaning that it will not, acting as broker for a person other than such client, knowingly affect any sale or purchase of any security for the account of the client. Any exceptions to such guidelines shall be undertaken only in compliance with Section 206(3) of the Investment Advisors Act of 1940 and any rules promulgated there under, and with due regard to any disclosures that may be required.

Comstock has adopted the following restrictions on the personal securities transactions of its officers and employees in an effort to minimize the potential for conflicts of interest to arise between Comstock or its employees and Comstock's clients.

All officers and employees of Comstock who, in the normal course of their job duties, have access to information about the securities being traded inside clients' accounts ("Access Persons") shall adhere to the following restrictions in regard to their own personal securities trading and securities trading by or for clients of Comstock:

- 1) **IPOs/Limited Offerings**. Access Persons shall not purchase initial public offerings. Access Persons shall not purchase securities offered in private placements or any other unregistered or limited securities offering without the prior approval of the Chairman.
- 2) **Blackouts**. Access Persons may not purchase or sell any security in which such person has, or by reason of such transaction acquires, any direct or indirect beneficial ownership and which such person actually knows or should know at the time of such purchase or sale is being considered for purchase or sale by or for a client or is then being purchased or sold by or for a client.
- 3) **Anti-Fraud**. No Access Person, in connection with the purchase or sale, directly or indirectly, by such person of a security held or to be acquired by or for any client:

- (a) shall employ any device, scheme or artifice to defraud the client;
- (b) shall make to the client any untrue statement of a material fact or omit to state to the client a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;
- (c) shall engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the client; or
- (d) shall engage in any manipulative practice with respect to the client or its account.

At the time an officer or employee of Comstock becomes an access person it is required that they submit a report of their reportable securities and at least once a year thereafter. The holdings report is to be current as of a date not more than 45 days prior to the individual becoming an access person (initial report) or the date the report is submitted (annual report). All access persons shall report to the Compliance Officer quarterly, not more than 30 days following the end of each quarter, transactions in any reportable security in which such access person has, or by reason of such transaction acquires, any direct or indirect beneficial ownership. An access person is presumed to be a beneficial owner of securities that are held by his or her immediate family members sharing the access person's household. Such reporting requirement may be satisfied by the submission of a duplicate statement or transaction confirm to the Compliance Officer covering the relevant period. Such transactions shall be reviewed by the Compliance Officer to detect any conflicts of interest with client accounts or abusive practices. All securities are treated as reportable securities, with five exceptions:

- (a) Transactions and holdings in direct obligations of the Government of the United States.
- (b) Money market instruments – bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments.
- (c) Shares of money market funds.
- (d) Transactions and holdings in shares of other types of mutual funds, unless Comstock acts as the investment adviser or principal underwriter for the fund.
- (e) Transactions in units of a unit investment trust if the unit investment trust is invested exclusively in unaffiliated mutual funds.

BROKERAGE PRACTICES

Comstock will not serve as broker or agent to effect securities transactions for compensation for any client. This means that neither Comstock nor any of its employees will serve as a commissioned intermediary on such transactions. Comstock has no affiliated brokerage relationships.

Comstock obtains no economic benefit from any client brokerage transactions. We do not utilize soft dollars. Comstock does advise clients on where they can obtain favorable trade execution at low cost. Typically these decisions involve several other factors including custodial charges. Investment managers are questioned about their trading policies, whether they utilize soft dollars and how they obtain best execution for clients. Where the size and complexity of brokerage needs warrant, Comstock will advise on directed brokerage in order to obtain best execution.

REVIEW OF ACCOUNTS

Comstock monitors investment managers, at minimum, on a quarterly basis against both their internal guidelines and the client's stated objectives. The research process documents the manager's investment process and characteristics and Comstock monitors ongoing manager activity against these criteria. Performance is monitored not only against benchmarks and broad peer categories, but also against other individual managers who have a similar investment style. Comstock analyzes portfolio holdings and trading activity. The goal is to identify potential problems before they show up in performance. For example, a growth manager who maintains strict criteria to purchase only high quality stocks may lag benchmarks during a period when lower quality, more speculative issues are outperforming. By referencing other managers with similar disciplines and analyzing portfolio holdings, the error of terminating what may otherwise be a sound process is avoided. Any changes to firm structure, departures of key personnel or other changes to the management firm are dealt with quickly when a risk to client portfolio performance is perceived.

Unlike many investment advisors, Comstock does not subscribe to the "not invented here" philosophy in reviewing existing delegated management and custodial relationships. Comstock seeks to honor the client's existing relationships with investment managers and custodians alike, and will not recommend relationship changes simply because the manager is not among those with whom Comstock currently works. Consequently, Comstock's review process includes all relationships in place with a client's, not just those within their recommended list or service providers.

For fiduciaries operating under an established investment policy, Comstock provides within each quarterly report a review of compliance with that policy.

Clients who want to pursue investment activities inconsistent with the Comstock approach will have a written understanding of what Comstock is and is not responsible for on an on-going monitoring and recommendation basis.

Comstock calculates performance net of all management, custody and consulting fees using Advent Axys, which is widely recognized as the standard industry platform for portfolio accounting. Comstock has access to a multitude of indices for passive risk/return comparisons representing any investment strategy that clients may choose to participate in.

Members of the Comstock Team who review accounts are:

- Paul L. Comstock, Chairman
- Nancy B. Savoie, President
- Stephen C. Browne, CIO
- Alison C. Moss, Vice President
- Jason D. Cain, Private Wealth Advisor
- James P. Engelbrecht, Sr. Research Analyst
- Robert B. Borden, Research Analyst
- Francisco Perez, Operations Associate
- Lisa Ma-Chan – Director of Portfolio Accounting

CLIENT REFERRALS AND OTHER COMPENSATION

Comstock does not directly or indirectly compensate any person for client referrals.

Comstock does enter into solicitation agreements with other Investment Advisors. *See Section 7, Other Financial Industry Activities and Affiliations, page 15 for further information.*

Comstock does not receive compensation from recommended service providers.

Comstock will not accept client engagements with any investment manager or custodian.

CUSTODY

It is Comstock's policy that neither the firm nor its related persons will maintain custody or serve as a discretionary trustee of any client's funds or securities. Comstock on some occasions is requested by its clients to deduct management fees from client's accounts. When this is the case, Comstock will comply with the SEC Ruling regarding deduction of fees from client's accounts and require the client to authorize the fee deduction in writing on the Custodian's application, send copies of its invoices to the client and the custodian at the same time, reflecting on the invoice the value of the assets, the percentage applied and the total amount of Comstock's fee and Comstock will ensure that the Custodian notifies the client at least quarterly of the amount deducted from the client's account to pay Comstock's invoices.

INVESTMENT DISCRETION

Comstock does not take discretion on client's accounts.

VOTING CLIENT SECURITIES

Comstock will not have authority or discretion to vote proxies pertaining to any client securities. On occasion when asked, Comstock may provide clients with advice about voting proxies, but Comstock will not have the authority nor will it undertake to vote the proxies on the client's behalf. In any such case Comstock will disclose to the client any material conflict of interest between the adviser and the client receiving the advice.

Comstock will not undertake or assume the responsibility to receive and/or complete litigation claim forms. On occasion when asked, Comstock, for a fee, may provide clients with assistance in completing a claim form but Comstock will not be held responsible for meeting the form's deadline date.

FINANCIAL INFORMATION

In accordance with SEC guidelines, Comstock does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Comstock has not been the subject of a bankruptcy petition. Consequently, Comstock is not required to include a balance sheet here.