



COMSTOCK[®]

Fourth Quarter 2020
Market Overview

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Equity securities will fluctuate in price; the value of your investment will thus fluctuate, and this may result in a loss. Securities in certain non-domestic countries may be less liquid, more volatile, and less subject to governmental supervision than in one's home market. The values of these securities may be affected by changes in currency rates, application of a country's specific tax laws, changes in government administration, and economic and monetary policy. Small- and mid-capitalization stocks may be subject to higher degrees of risk, their earnings may be less predictable, their prices more volatile, and their liquidity less than that of large-capitalization or more established companies' securities. Emerging market securities carry special risks, such as less developed or less efficient trading markets, a lack of company information, and differing auditing and legal standards. The securities markets of emerging market countries can be extremely volatile; performance can also be influenced by political, social, and economic factors affecting companies in emerging market countries.

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Alternative investments have unique risks that are discussed, if applicable, in an appendix at the end of the presentation.

Performance for separately managed accounts is presented gross of manager fees. Mutual fund and limited partnership performance is presented net of manager fees. All performance of prospective investments is presented gross of Comstock fees. Information on investment advisory fees is available from Comstock and individual recommended managers in Part 2A of their respective Form ADVs. Over a period of years, deductions from managed accounts for annual investment management fees will reduce the compounding effect on portfolio growth. For example, assuming a 5% annual return for five years and application of an annual fee of 1.00 %, a total gross return of 27.63% and a total net return of 21.67% would be generated.

Separate account managers may direct brokerage away from the custodian, resulting in higher trading commissions.

This Analysis should not be construed as tax or legal advice. Please consult your tax and/or legal advisors before implementing any transactions and/or strategies concerning your finances.

Monte Carlo

Monte Carlo Analysis involves estimating the probability of how a portfolio would sustain a projected distribution level under a range of market environments. The simulation uses 10,000 scenarios to determine the probability of outcomes resulting from the portfolio's asset allocation and underlying assumptions regarding rates of return and volatility of certain asset classes. Some scenarios assume favorable financial market returns, consistent with some of the best periods in investing history. Other scenarios assume unfavorable financial market returns, consistent with some of the worst periods in investing history. Most scenarios will fall somewhere in between. The outcomes presented using the Monte Carlo simulation rely on markets delivering a range of returns and volatility within long-term historical ranges. Since past performance and market conditions may not be repeated in the future, actual results could vary significantly, from what is presented in the analysis.

Projected results generated by a Monte Carlo simulation regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

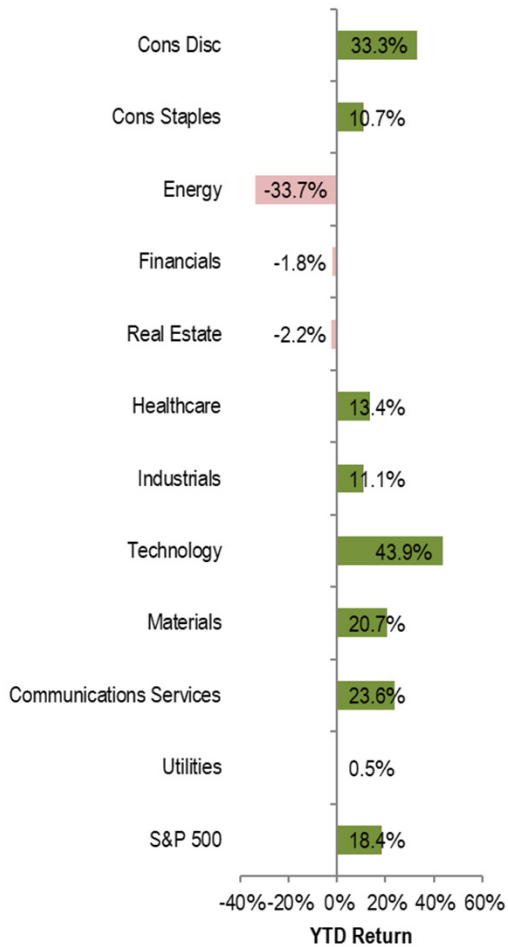


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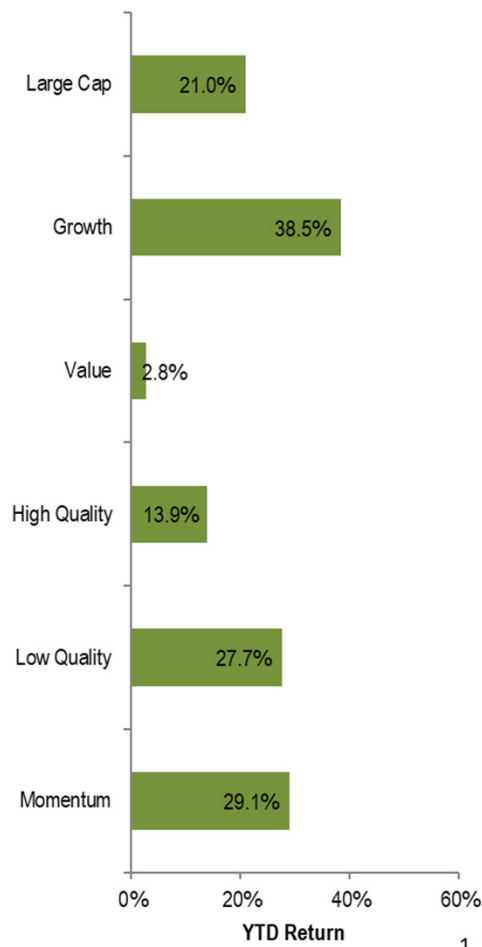
What worked this year?

2020 Year to Date Performance
As of December 31, 2020

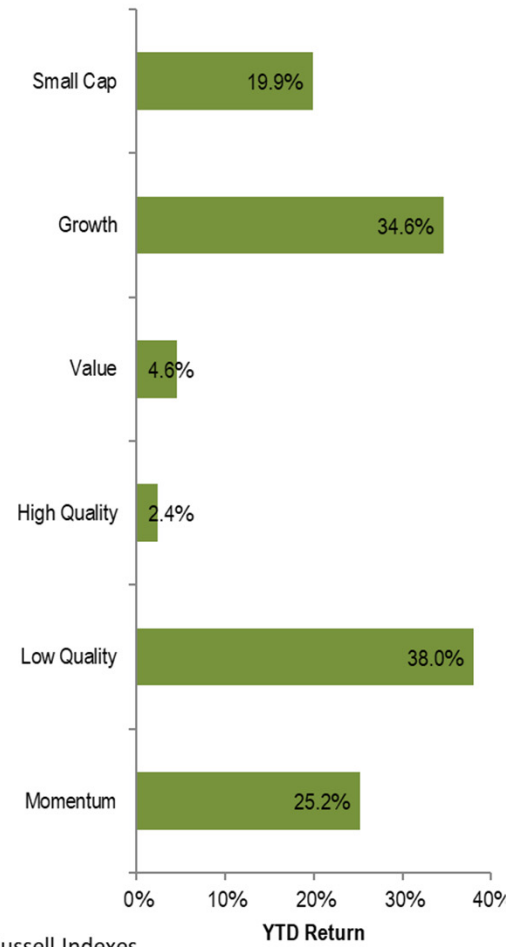
S&P 500 Sector Performance



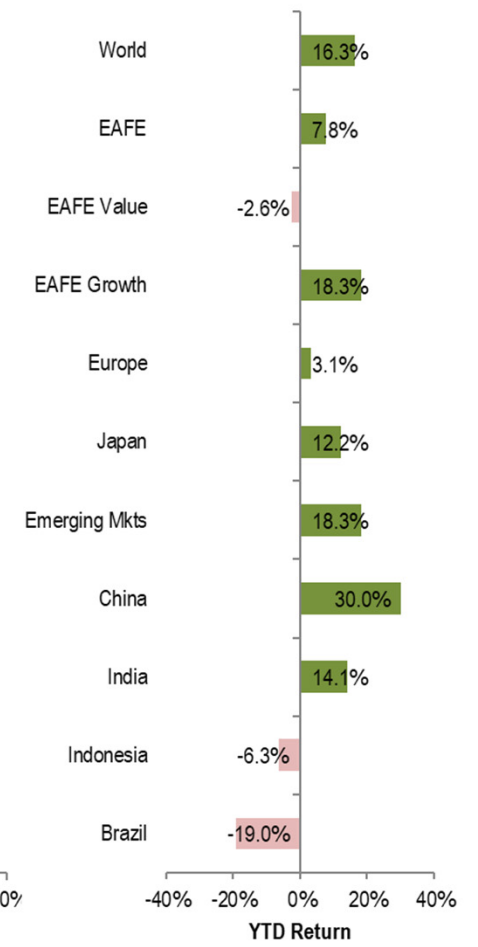
Large Cap Style Performance¹



Small Cap Style Performance¹



World Stock Market Performance²



1. Russell Indexes
2. MSCI Indexes



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Market Overview

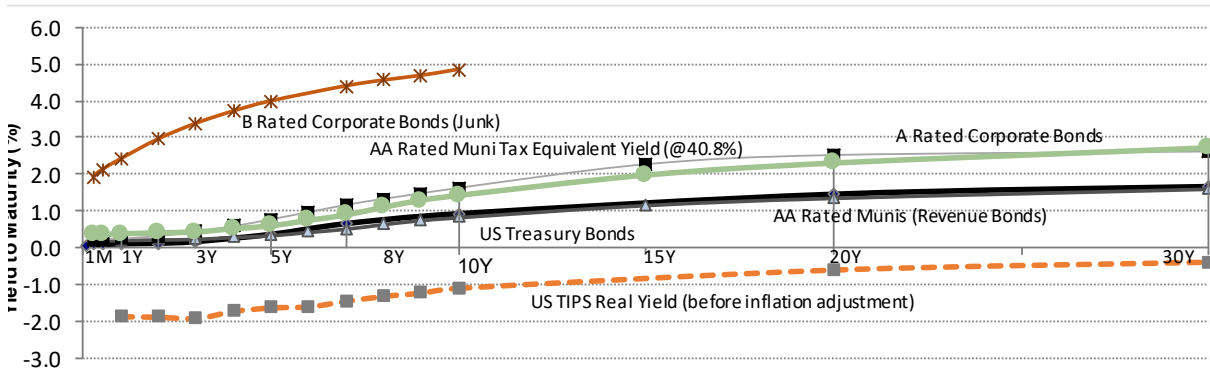
As of 12/31/2020

Equity Indexes	Level	QTD	YTD	Returns (%)			Valuation		
				1 Year	3 Year	5 Year	Forward P/E	Div. Yield (%)	Mkt. Cap (\$T)
S&P 500	3,751	12.1	18.4	18.4	14.1	15.2	23.0	1.6	33,167
Dow Jones 30	30,510	10.7	9.7	9.7	9.9	14.6	20.9	2.0	9,607
NASDAQ	12,894	13.1	48.9	48.9	27.5	24.2	30.2	0.8	15,084
Russell 1000 Growth	2,421	11.4	38.5	38.5	22.9	21.0	31.8	0.8	24,317
Russell 1000 Value	1,349	16.2	2.8	2.8	6.0	9.7	18.7	4.1	24,551
Russell 2000	1,979	31.4	19.9	19.9	10.2	13.2	35.3	3.0	2,938
MSCI EAFE (developed ex-US)	6,916	16.0	7.8	7.8	4.3	7.4	18.5	2.8	20,510
MSCI Emerging Markets	624	19.7	18.3	18.3	6.2	12.8	15.6	2.3	22,728
Gold	1,888	0.0	24.6	24.6	13.5	12.2			13,155

Fixed Income	Yield	QTD	YTD	1 Year	3 Year	5 Year
U.S. Aggregate	1.12%	0.7	7.5	7.5	5.3	4.4
Corporate	1.74%	3.0	9.9	9.9	7.0	6.7
US Corporate High Yield	4.18%	6.5	7.1	7.1	6.2	8.6
1-15 Yr. Muni Index	0.77%	1.3	4.7	4.7	4.2	3.4

3 Year US Equity Market Style Returns

	Value	Core	Growth
Large	6.0	14.8	22.9
Mid	5.3	11.6	20.4
Small	3.7	10.2	16.1



Commodity Prices

	1/4/21	1/4/20	1/4/18
Oil (Brent)	\$52.21	\$68.60	\$68.07
Oil (WTI)	\$48.68	\$63.05	\$62.01
Natural Gas	\$2.64	\$2.13	\$2.88
Copper	\$358.05	\$278.70	\$326.30
Silver	\$27.70	\$18.15	\$17.27



What can drive markets and the economy over the next few years?

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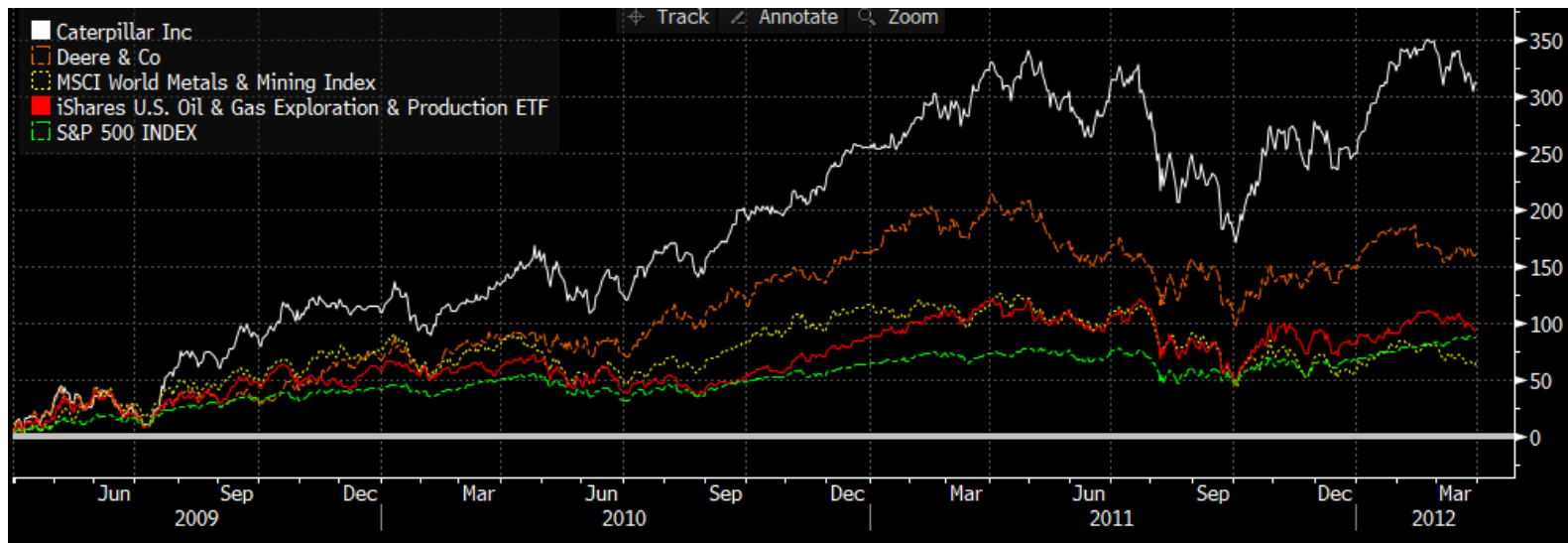
- Tech-driven productivity
 - Rapid adoption by business due to pandemic should translate into longer term productivity improvements
 - May improve profitability but become a drag on employment as companies find they need fewer workers
- Buildout of renewables
 - Retiring coal, gas and nuclear plants will be replaced by renewables
 - Will create jobs, but likely a net job loss in energy and power sectors
- Electrification of transportation
 - Creates large demand for copper, cobalt and other raw materials
 - Battery technology still evolving so requirements will change
- Asian middle class consumers
 - Consumption by middle class consumers in China, India and across the ASEAN countries will surpass combined consumption of Europe and North America
- Global healthcare spending
 - Breakthroughs in biotechnology, genomics, big data / AI, telemedicine and other new technologies
 - Aging Chinese population creates additional demand



China and Fracking drove recovery from 2008-2009 recession

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- Drivers of economic growth coming out of 2008-2009 Global Financial Crisis
 - China infrastructure
 - Commodity producers
 - Heavy equipment manufacturers such as Caterpillar and John Deere
 - US exports to China increased 57% between 2009 and 2012
 - Fracking
 - National Bureau of Economic Research estimated that Fracking added 725,000 jobs, enough to reduce the US unemployment rate by 0.5%
 - Energy employment increased by 60% coming out of the recession



- Caterpillar and John Deere outperformed the S&P 500 for the full decade, while energy and mining collapsed after 2014



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Economic growth stories may not generate superior investment opportunities

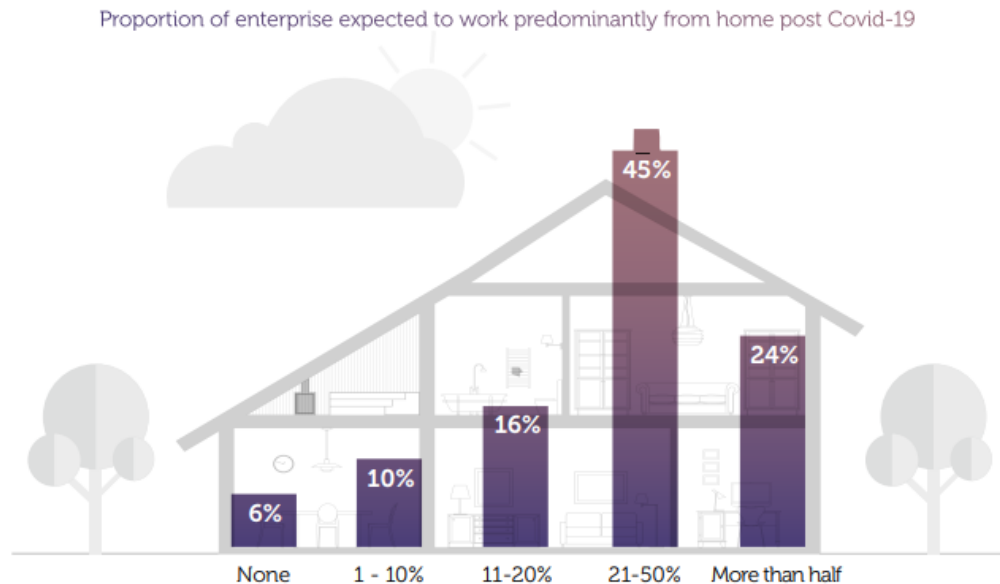
- Major economic trends may not offer good investment opportunities
 - China was the fastest growing major economy over the past decade, but Chinese stocks underperformed the S&P 500, along with other emerging markets during the 2010s
 - The build out of Internet infrastructure by telecoms in the late 1990s ended with the bankruptcies of most of the companies involved
 - Fracking initially generated performance for investors, but ultimately the industry destroyed massive amounts of capital
- Our managers look for a company's ability to generate profits, not trendy stories or growth for its own sake
- All of the themes outlined are within the investment parameters of our investment managers and do not necessarily require a specialized manager or ETF
 - Tech-driven productivity applies across the broad market
 - Buildout of renewables and electrification of transportation touches on infrastructure strategies along with traditional US and foreign equity managers
 - Our emerging market managers remain focused on countries with growing domestic, middle class consumption
 - All managers actively invest in the Healthcare sector



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Tech investments made during the pandemic should increase productivity and profitability

- Companies surveyed in the 2020 Harvey Nash/KPMG CIO survey invested an additional \$15 billion a week in technology during the pandemic
 - Priority on security and cloud investment
- Nearly 70% of respondents expect over 20% of their workforce to work predominantly from home after COVID-19
- Technology will reduce business travel
 - Business travel historically slow to rebound after recessions, taking five years to recover from the 2008-2009 financial crisis, but due to technology may never recover to 2019 levels
 - Business travel accounts for 70% of revenue for many high-end hotels



Source: Harvey Nash / KPMG Tech Survey

<https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/10/harvey-nash-kpmg-cio-survey-2020.pdf>

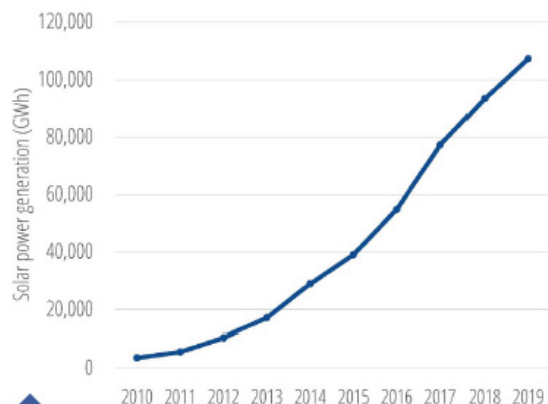


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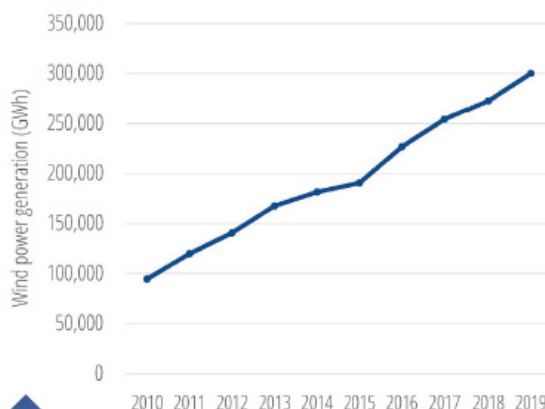
Renewables continue to grow

- Wind and solar now comprise approximately 10% of total US power generation
 - Totals 20-50% of electricity consumption in many states
- In 2019 the renewables sector employed 3 million people in the US and 11 million world wide

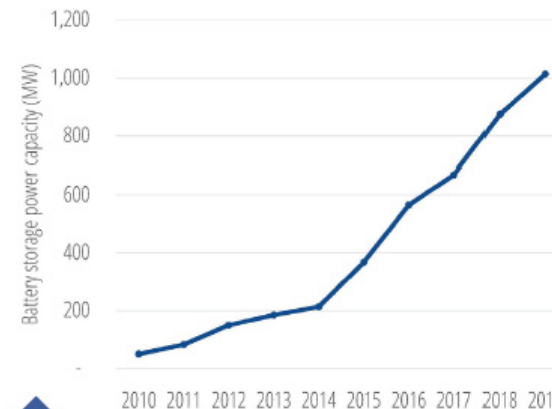
Rank	State	Wind and solar generation as percentage of electricity consumption (2019)
1	Kansas	53.7%
2	Iowa	53.4%
3	North Dakota	51.1%
4	Oklahoma	45.4%
5	New Mexico	34.1%
6	Wyoming	25.3%
7	Nebraska	24.9%
8	South Dakota	23.8%
9	California	23.7%
10	Colorado	22.7%



Solar electricity generation grew 30-fold from 2010 to 2019.



Wind energy generation more than tripled from 2010 to 2019.



America's utility-scale battery storage capacity grew 20-fold from 2010 to 2019.



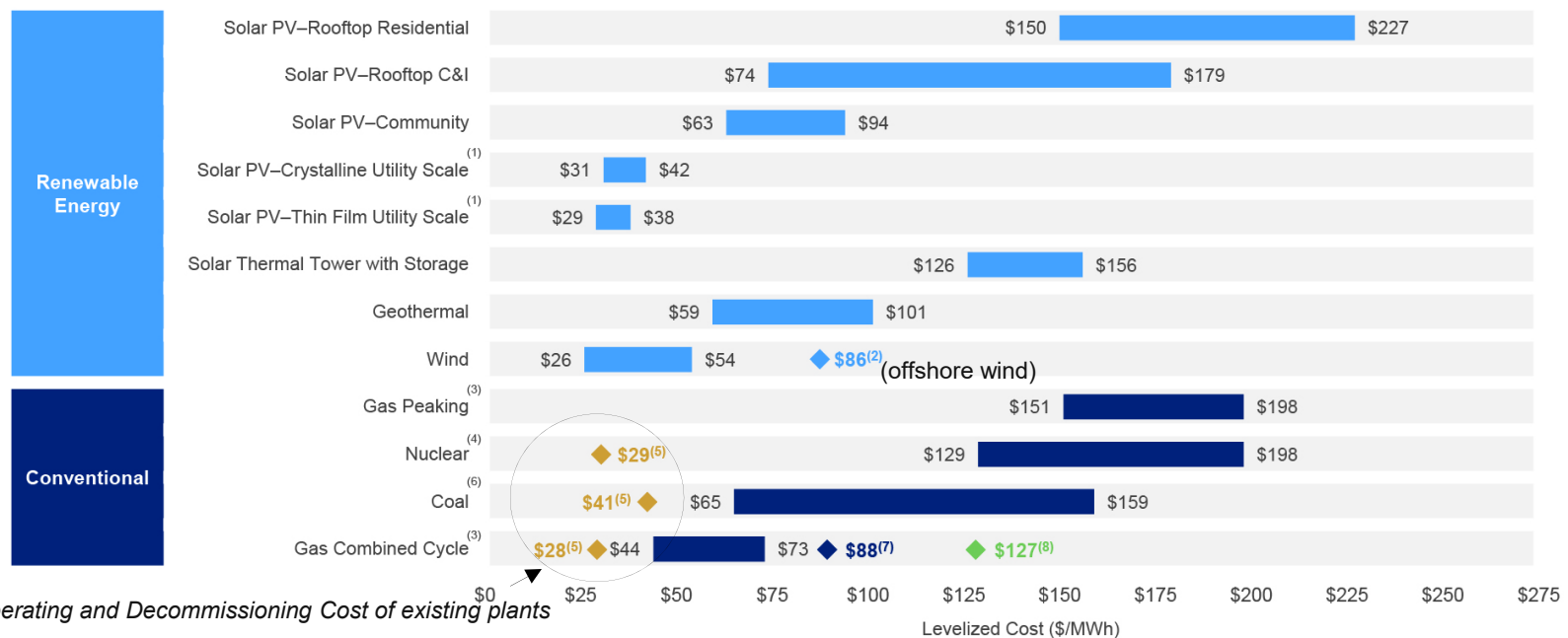
Renewables now cheaper than conventional for new construction

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- Current unsubsidized costs for new utility-scale generation favor renewables
- Cost of renewables will continue to decline with cheaper, more efficient Solar panels and larger wind turbines

Levelized Cost of Energy Comparison—Unsubsidized Analysis

Selected renewable energy generation technologies are cost-competitive with conventional generation technologies under certain circumstances



Source: Lazard estimates.

Note: Here and throughout this presentation, unless otherwise indicated, the analysis assumes 60% debt at 8% interest rate and 40% equity at 12% cost. Please see page titled "Levelized Cost of Energy Comparison—Sensitivity to Cost of Capital" for cost of capital sensitivities. These results are not intended to represent any particular geography. Please see page titled "Solar PV versus Gas Peaking and Wind versus CCGT—Global Markets" for regional sensitivities to selected technologies.

(1) Unless otherwise indicated herein, the low case represents a single-axis tracking system and the high case represents a fixed-tilt system.

(2) Represents the estimated implied midpoint of the LCOE of offshore wind, assuming a capital cost range of approximately \$2,600 – \$3,675/kW.

(3) The fuel cost assumption for Lazard's global, unsubsidized analysis for gas-fired generation resources is \$3.45/MMBTU.

(4) Unless otherwise indicated, the analysis herein does not reflect decommissioning costs, ongoing maintenance-related capital expenditures or the potential economic impacts of federal loan guarantees or other subsidies.

(5) Represents the midpoint of the marginal cost of operating fully depreciated gas combined cycle, coal and nuclear facilities, inclusive of decommissioning costs for nuclear facilities. Analysis assumes that the salvage value for a decommissioned gas combined cycle or coal asset is equivalent to its decommissioning and site restoration costs. Inputs are derived from a benchmark of operating gas combined cycle, coal and nuclear assets across the U.S. Capacity factors, fuel, variable and fixed operating expenses are based on upper- and lower-quartile estimates derived from Lazard's research. Please see page titled "Levelized Cost of Energy Comparison—Renewable Energy versus Marginal Cost of Selected Existing Conventional Generation" for additional details.

(6) High end incorporates 90% carbon capture and storage. Does not include cost of transportation and storage.

(7) Represents the LCOE of the observed high case gas combined cycle inputs using a 20% blend of "blue" hydrogen, (i.e., hydrogen produced from a steam-methane reformer, using natural gas as a feedstock, and sequestering the resulting CO₂ in a nearby saline aquifer). No plant modifications are assumed beyond a 2% adjustment to the plant's heat rate. The corresponding fuel cost is \$5.20/MMBTU.

(8) Represents the LCOE of the observed high case gas combined cycle inputs using a 20% blend of "green" hydrogen, (i.e., hydrogen produced from an electrolyzer powered by a mix of wind and solar generation and stored in a nearby salt cavern). No plant modifications are assumed beyond a 2% adjustment to the plant's heat rate. The corresponding fuel cost is \$10.05/MMBTU.

Source: Lazard Levelized Cost of Energy Analysis, Oct 2020

<https://www.lazard.com/perspective/levelized-cost-of-energy-and-levelized-cost-of-storage-2020/>

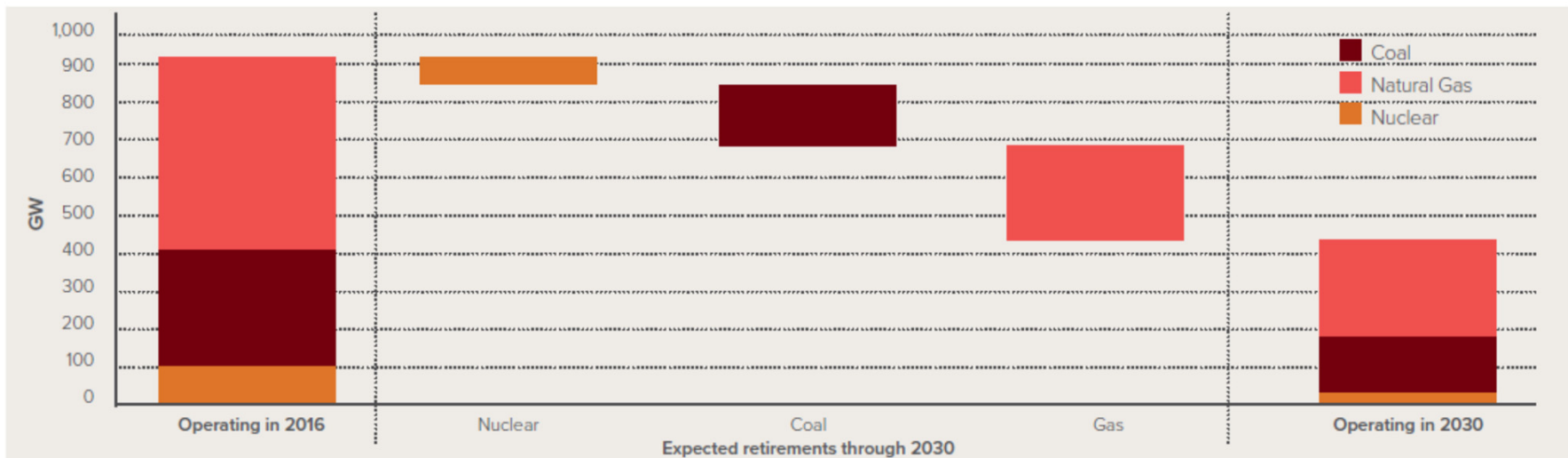


Approximately 50% of thermal power plants in the US set to retire by 2030

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- Based on a Rocky Mountain Institute study, 50% of existing thermal power plants (gas, coal and nuclear) in the US will be retired by 2030
 - Study used average retirement age of 54 years for coal, 45 years for nuclear and 29-51 years for gas
 - Newer gas plants are significantly cheaper to run and 110GW of new gas plants set to come online through 2025

EXISTING US THERMAL GENERATION CAPACITY RETIREMENT OUTLOOK

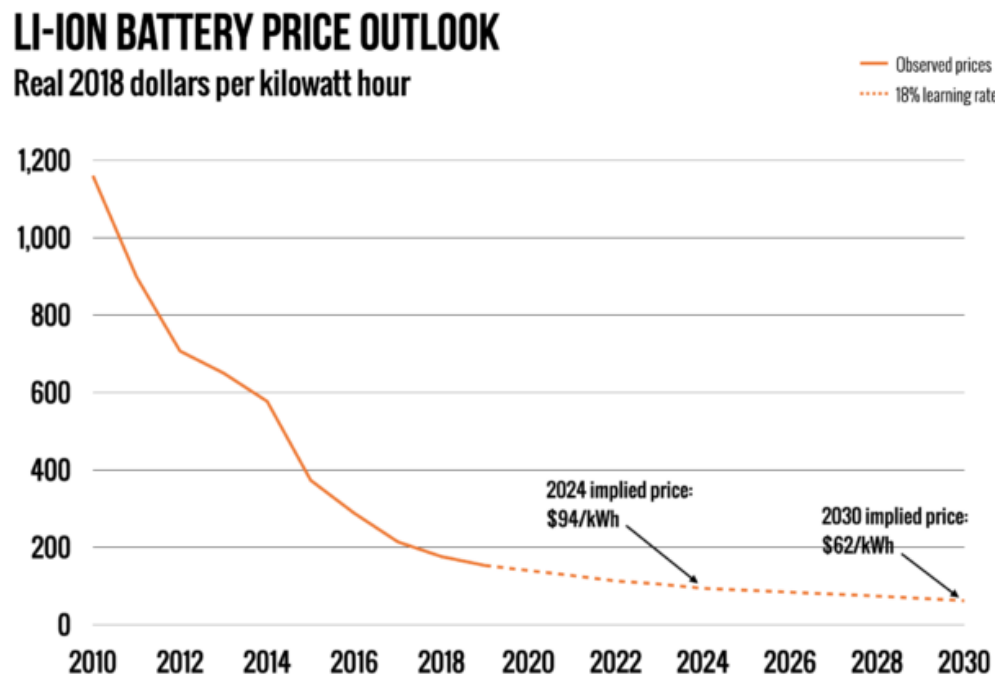




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Electrification of transportation will be a major trend

- Battery prices have tended to decline by 18% for every doubling in total manufacturing
- Potential for better future technologies than Lithium-ion
 - Quantumscape's Lithium Metal batteries claim 80% improvement in range and double the energy density of current Li-ion
 - Production set to start in 2024
 - Patents filed for Quantum Glass batteries by the inventor of the Lithium Ion that claim further improvements



Source: BloombergNEF





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Asian middle class consumption will drive growth

- Brookings estimates of the next billion middle class consumers, 75% will come from China and India with an other 20% from the rest of Asia
- 2020 Asian middle class consumption estimated at \$20T – about the size of the entire US economy

Table 4: Middle class consumption - top 10 countries, 2015, 2020, and 2030 (PPP, constant 2011 trillion \$ and global share)

Country	2015	Share (%)	Country	2020	Share (%)	Country	2030	Shares (%)
U.S.	4.7	13	China	6.8	16	China	14.3	22
China	4.2	12	U.S.	4.7	11	India	10.7	17
Japan	2.1	6	India	3.7	9	U.S.	4.7	7
India	1.9	5	Japan	2.1	5	Indonesia	2.4	4
Russia	1.5	4	Russia	1.6	4	Japan	2.1	3
Germany	1.5	4	Germany	1.5	4	Russia	1.6	3
Brazil	1.2	3	Indonesia	1.3	3	Germany	1.5	2
U.K.	1.1	3	Brazil	1.2	3	Mexico	1.3	2
France	1.1	3	U.K.	1.2	3	Brazil	1.3	2
Italy	0.9	3	France	1.1	3	U.K.	1.2	2

Source: Author's calculations

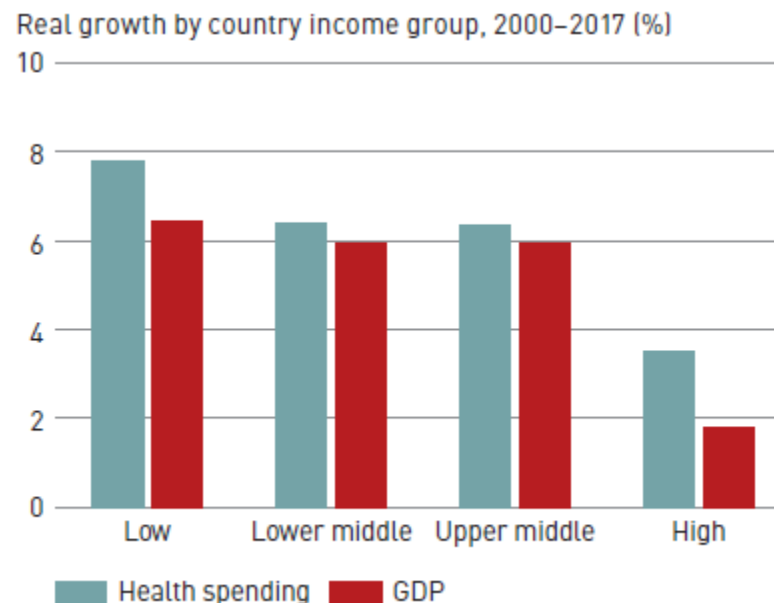
Source: Statista, Bloomberg, Brookings Institution, February 2017: *The Unprecedented Expansion of the Global Middle Class*, page 14. Middle class defined as households with annual incomes between \$14,600 to \$146,000 in 2005 dollars, adjusted across countries for Purchasing Power Parity (PPP)



Global healthcare spending will continue to grow faster than GDP

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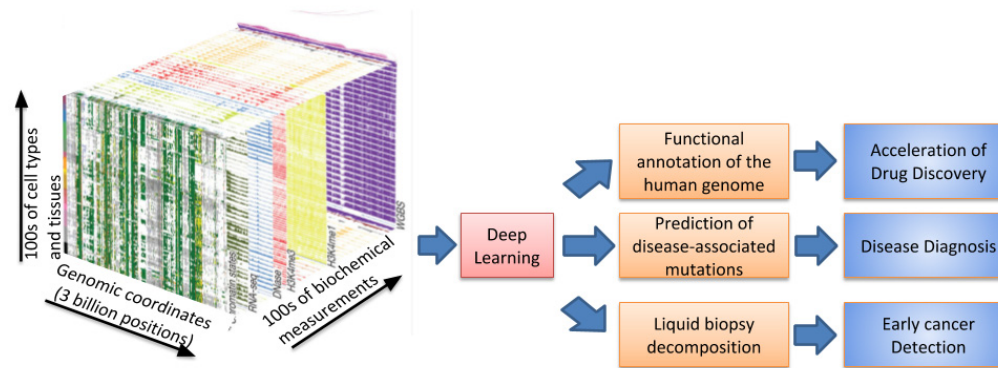
- Between 2000 and 2017, global health spending in real terms grew by 3.9% a year while the economy grew 3.0% a year
 - In emerging markets, health spending rose 6.3% a year between 2000 and 2017 while their economies rose by 5.9% a year
 - Aging populations will drive increased demand over this decade
- Slim Democratic Senate Majority not sufficient for radical change, but could see smaller reforms such as negotiated Medicare drug prices and giving individuals under age 65 an option to buy into Medicare
- Best investment opportunities promise to create value by removing costs from the system
 - Clinical treatments for expensive chronic conditions
 - Information technology to improve efficiency





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Artificial intelligence key to future biotechnology advances



- Automating testing and diagnosis
 - Eyenuk developed algorithms to diagnose disease from retinal images
 - Annual screening for retinopathy needed for diabetics, translates to millions of tests
 - Program now being implemented by the UK's National Health Service
- Speeding up and reducing costs in drug discovery
 - Atomwise recently used neural networks to screen 12 billion molecules for medical potential, most of which do not exist in nature
 - Capabilities will soon increase to over 100 billion molecules
- Complexity and amount of data involved in genomics makes AI a necessary component
 - Many companies working on using machine learning techniques on the human genome to understand genetic diseases, risks of drug side effects and determine best treatment approaches
- Biology is simply too complex for humans to fully understand - AI is an essential component of future progress

<https://www.genengnews.com/insights/trends-for-2020/artificial-intelligence-is-helping-biotech-get-real/>

<https://towardsdatascience.com/opportunities-and-obstacles-for-deep-learning-in-biology-and-medicine-6ec914fe18c2>



Valuation remains essential to risk control

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- Concept stocks delivered huge gains over the past year
- Large declines possible in popular stocks, even if company goes on to do well





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