



FORM ADV Part 2A – FIRM BROCHURE

September 16, 2015

This Brochure provides information about the qualifications and business practices of Maryland Capital Advisors, Inc. If you have any questions about the contents of this Brochure, you may contact us at (410) 604-2741, or email mike@marylandcap.com to obtain answers and additional information. Maryland Capital Advisors, Inc. is a registered investment advisor with the Securities and Exchange Commission (SEC). Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission.

Additional information about Maryland Capital Advisors, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The date of our previous annual update to our Brochure was March 13, 2015.

Our Brochure is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Maryland Capital Advisors, Inc. is 134875. We may provide ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Michael Damas at (410) 604-2741 or by email to mike@marylandcap.com.



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Item 4 – Advisory Business

- A** Maryland Capital Advisors, Inc. (“MCA” “we” “us” and “Advisors”) is a Maryland Corporation registered as an independent, referral-only, SEC-registered investment advisor under the laws of the Securities and Exchange Commission, with our principal place of business located in Chester, Maryland. Mike Damas is the President, Chief Investment Officer, and sole owner of MCA, which was founded in 1997.
- B** We create individualized tax- and cost- efficient portfolios for each Client’s unique personal, professional, and investment situation. We utilize long-standing academic portfolio theory, combined with our decades of Wall Street experience in economic research, bond trading, and risk management. Our investment philosophy utilizes the substantial body of academic work known as Modern Portfolio Theory. We believe that markets are efficient. This essentially means that we are not willing to spend our Client’s valuable time and money attempting to determine which investments will perform better or worse in the future. There are many studies that illustrate the benefits of “passive management” versus “active management”. In short, stock-pickers and market-timers do not generate returns that are significantly different than those that we would expect from random chance.
- C** MCA works with each Client to create an Investment Policy Statement that outlines an asset allocation plan for the Client’s portfolio. This document will be created after a detailed review of investible assets and discussions of risk-tolerance, investment horizon, financial plan, and other constraints. Then, we carefully craft and manage a globally-diverse investment portfolio consisting of a dozen or more asset classes using institutional class funds, exchange-traded funds, and individual fixed-income securities.
- D** We do not participate in any wrap-fee programs.
- E** MCA manages \$136,603,950 million of Client assets on a discretionary basis and \$10,688,654 million of Client assets on a non-discretionary basis. These amounts were calculated as of March 2, 2015. MCA also provides advice and counsel on an additional \$4,575,402 of assets for which it has no direct supervisory authority.

Item 5 – Fees and Compensation

- A** We are a fee-only advisory firm, meaning we are compensated only by our Clients and do not receive compensation or commissions from any other parties. We believe this method of compensation minimizes conflicts-of-interest that are common in the investment management industry.

Compensation to us for our services will be calculated in accordance with fees set-forth in “Schedule A” of the Investment Advisory Agreement (“IAA”) entered into with each Client when we begin our professional relationship. We reserve the right to amend the Fees and IAA itself upon 30-days prior written notice to each Client. The fee will be calculated quarterly, in advance, and will be equal to the agreed upon rate per annum, times the market value of the account, divided by the number of days in the agreed upon year and multiplied by the number of days in the quarter.

STANDARD FEE SCHEDULE

AUM	Annual	Aggregate Fee		Portfolio
	Fee	Percent	Dollars	
First \$1 Million	1.00%	1.00%	\$10,000	\$1 Million
Next \$1 Million	0.85%	0.93%	\$18,500	\$2 Million
Next \$1 Million	0.70%	0.85%	\$25,500	\$3 Million
Next \$1 Million	0.55%	0.78%	\$31,000	\$4 Million
Next \$1 Million	0.40%	0.70%	\$35,000	\$5 Million
Next \$1 Million	0.30%	0.63%	\$38,000	\$6 Million
Next \$1 Million	0.30%	0.59%	\$41,000	\$7 Million
Next \$1 Million	0.30%	0.55%	\$44,000	\$8 Million
Next \$1 Million	0.30%	0.52%	\$47,000	\$9 Million
Next \$1 Million	0.30%	0.50%	\$50,000	\$10 Million
Next \$1 Million	0.20%	0.47%	\$52,000	\$11 Million
Next \$1 Million	0.20%	0.45%	\$54,000	\$12 Million
Next \$1 Million	0.20%	0.43%	\$56,000	\$13 Million
Next \$1 Million	0.20%	0.41%	\$58,000	\$14 Million
Next \$1 Million	0.20%	0.40%	\$60,000	\$15 Million
Over \$15 Million	Negotiable			\$15+ Million

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported shall be valued at the last reported sale price on the principal market in which they are traded (or, if there shall be no sales on such date, then at the mean between the closing bid and asked prices on such date). All other assets shall be valued at fair value by us and our determination shall be conclusive. Notwithstanding the above, fees are generally negotiable.

All fees incurred in connection with transactions for each account will be paid out of the assets in Client accounts and are in addition to the investment management fees paid to us.



- B** Our fees may be paid directly to us from the account by the custodian upon submission of an invoice to the independent custodian holding Client assets showing the amount of fees, the value of the Client's assets on which the fees are based, and the specific manner in which the fees are calculated. Payment of fees may result in the liquidation of a Client's securities if there is insufficient cash in the account. We provide detailed billing invoices, but Clients bear the responsibility for verifying the accuracy of fee calculations.
- C** Since our approach employs the use of lower-cost, passively-managed asset class strategies, our portfolios are not subject to the higher expenses of actively-managed funds, nor do they suffer from embedded marketing fees and/or sales charges that are commonplace in many retail-class mutual funds. However, even with utilizing these lower-cost investments, Clients may be required to pay a proportionate share of any mutual fund's fees/charges, and brokerage commissions, in addition to the fees we charge.
- D** The market value will be construed to equal the sum of the values of all assets in the account, adjusted by any margin debt. Fees for partial quarters at the commencement or termination of this Agreement will be billed or refunded on a pro-rated basis contingent on the number of days the account was open during the quarter. Quarterly fee adjustments for additional assets received into the account during a quarter or for partial withdrawals will also be provided on the above pro rata basis.
- E** We are a fee-only investment advisory firm paid on a percentage of Client assets managed or a flat fee. This means that no supervised person associated with us receives or accepts any compensation for the sale of securities or investment products.



Item 6 – Performance-Based Fees and Side-By-Side Management

We do not charge any performance-based fees for our services. Accordingly, this Item is not applicable to our firm.



Item 7 – Types of Clients

We provide investment advice to the following types of Clients:

- Individuals and Families
- Pension and Profit Sharing Plans
- Corporations
- Trusts, Estates or Charitable Organizations



Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

A As referenced in items 4 and 5 above, our primary investment strategy relies on the principles of Modern Portfolio Theory (MPT) for constructing and managing Client portfolios. The underlying concepts of MPT include:

- Investors are risk averse. The only acceptable risk is that which is adequately compensated by potential portfolio returns.
- Markets are efficient. It is virtually impossible to anticipate the future direction of the market as a whole or of any individual security. It is, therefore, unlikely that any portfolio will succeed in consistently “beating the market.”
- The design of the portfolio as a whole is more important than the selection of any particular security within the portfolio. The appropriate allocation of capital among asset classes (equities, bonds, real estate, etc.) will have far more influence on long-term portfolio results than the selection of individual securities. Investing for the long term becomes critical to investment success because it allows the long-term characteristics of the asset classes to materialize.
- Diversification among asset classes helps reduce investment volatility. The proportional mix of asset classes determines the long-term risk and return characteristics of the aggregate portfolio.
- Portfolio risk can be decreased by increasing diversification of the portfolio and by lowering the correlation of market behavior among the asset classes selected.

Equities offer the potential for higher long-term investment returns than cash or fixed-income investments. Equity returns are also more volatile. Investors seeking higher rates of return must increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results (including occasional declines in value).

Picking individual equity securities and timing the purchase or sale of such investments in the attempt to “beat the market” are highly unlikely to increase long-term investment returns; they also can significantly impact portfolio transaction costs and taxes. Such practices are, therefore, to be avoided.

In implementing our asset allocation strategy, each Client’s portfolio investments are broadly defined as either Low Risk (capital preservation) or Risk (gain-seeking) assets. We perform extensive data analysis and due-diligence on investments held in each category:



Low-Risk Assets

Low-Risk assets consist of individual bonds and bond funds. We seek to maximize total return with flexible and constrained exposure to interest-rate risk, credit risk, and timing-of-cash-flow risk. We utilize our bond market expertise to evaluate, assemble and manage investments across all bond types, including:

- Government and Agency Bonds
- Municipal Bonds
- Investment Grade Corporate Bonds

Government/Agency bonds include, but are not limited to, Bank CDs, direct obligations of the US government, and government-guaranteed bonds issued by various agencies. Agency mortgage-backed securities (MBS) and collateralized mortgage obligations (CMOs) are also included in this category.

Individual bonds will be rated the equivalent of BBB- or greater at the time of purchase. Concentrations to any one issuing company are constrained so as to manage credit risk. We maintain a government bond allocation to further control risk and manage liquidity.

MCA utilizes numerous bond dealers to achieve best-execution for Client portfolios. We purchase bonds with various maturities, credit quality, fixed-rate coupons, variable-rate coupons, as well as bonds with embedded options for early redemption. Our approach is transparent, disciplined, and low-cost since we have direct institutional access to bond dealers.

We manage credit and interest-rate risk to constraints established in each Client's Investment Policy Statement. These exposure limits provide risk control while offering flexibility to increase credit or timing-of-cash-flow exposure when yield spreads are wide and avoid increased credit risk when yield spreads are narrow. Our bond exposures, therefore, are guided by market yield information, rather than pre-determined allocation targets.

Risk Assets

Global Equities, Commodities, and Real Estate investments are held almost exclusively in funds, rather than individual securities. When evaluating Risk investments on behalf of Client portfolios, we perform data analysis and due-diligence including direct contact with fund managers, review of fund holdings, adherence to mandated fund strategy, and monitoring of fund risk and return performance.

- B** We will use our best judgment and good faith efforts in rendering services to our Clients. However, we cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. Clients assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understands that investment decisions made for this account are



subject to various market, currency, economic, political and business risks.

Nothing in this Agreement shall relieve us from any responsibility or liability we may have under the Advisers Act of 1940, or other applicable federal or state law.

Except as may otherwise be provided by law, we are not liable to Clients for:

- Any loss that a Client may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- Any loss arising from our adherence to a Client's instructions; or
- Any act or failure to act by a custodian of a Client's account.

It is the responsibility of each Client to give us complete information and to notify us of any changes in financial circumstances or goals.

- C** While all investing involves risks of loss, as referenced above, our advisory services generally recommend a passive approach based on the science of the capital markets, rather than speculation and market timing, using passively-managed mutual funds and bonds which do not involve significant or unusual risks.



Item 9 – Disciplinary Information

Neither MCA, nor its principal, Michael Damas, are the subject of any legal or disciplinary events which require disclosure.



Item 10 – Other Financial Industry Activities and Affiliations

We do not participate in any other material activities and have no other financial industry affiliations to disclose.



Item 11 – Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

- A** Maryland Capital has a Code of Ethics which all employees are required to follow. The Code of Ethics outlines proper conduct related to all services provided to Clients. Prompt reporting of internal violations is mandatory. A copy of the Code of Ethics is available to any Client or prospective Client upon request.
- B-D** Maryland Capital or individuals associated with us may buy and sell some of the same securities for our own account that we buy and sell for our Clients. In all instances, where appropriate we will purchase a security for all of our existing accounts for which the investment is appropriate before purchasing any of the securities for our own account and, likewise, when we determine that securities should be sold, where appropriate will cause these securities to be sold from all of our advisory accounts prior to permitting the selling of the securities from our accounts. In some cases we may buy or sell securities for our own account for reasons not related to the strategies adopted by our Clients.

We will disclose to Clients any material conflict of interest which could reasonably be expected to impair our ability to render unbiased and objective advice.



Item 12 – Brokerage Practices

- A** Our Clients' assets are held by independent third-party custodians. Except to the extent that a Client directs otherwise, we may use our discretion in selecting or recommending the custodian. Clients are not obligated to effect transactions through any custodian recommended by us. In recommending a custodian we will comply with our fiduciary duty in accordance with the Securities Exchange Act of 1934, to obtain best execution and will take into account such relevant factors as:
- Price;
 - The custodian's facilities, reliability and financial responsibility;
 - The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
 - The research and related brokerage services provided by such custodian to us, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
 - Any other factors that we consider to be relevant.
- B** We are authorized in our discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and other transactions in the same or similar securities or instruments for our other Clients. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price so obtained. We direct confirmations of any transactions effected for a Client's account to be sent to each Client as required by applicable law.



Item 13 – Review of Accounts

- A** Accounts are reviewed by Michael Damas or qualified staff members. All reviews are either conducted or supervised by Mr. Damas. The frequency of reviews is based on the Client's investment objectives, but will occur no less than annually.
- B** More frequent reviews may also be triggered by a change in Client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in macroeconomic climate.
- C** All Clients receive quarterly reports on representative investments that we manage. Clients also receive account statements from the independent custodian of their accounts on no less than a quarterly basis. We encourage Clients to compare the information presented on these statements.



Item 14 – Client Referrals and Other Compensation

We have no arrangements, written or oral, in which we compensate others or are compensated for Client referrals.



Item 15 – Custody

Other than having the ability to deduct our fees from Client accounts, Maryland Capital does not have custody of the assets in the account and shall have no liability to Clients for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian. Clients understand that SIPC provides only limited protection for the loss of property held by a broker-dealer.



Item 16 – Investment Discretion

Except as otherwise instructed, Clients grant us ongoing and continuous discretionary authority to execute investment recommendations in accordance with a Statement of Investment Policy (or similar document used to establish Client's objectives and suitability), without the Client's prior approval of each specific transaction. Under this discretionary authority, Clients allow us to purchase and sell securities and instruments in their account(s), arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and otherwise act on their behalf in most matters necessary or incidental to the handling of the account, including monitoring certain assets.

In some limited circumstances, Clients grant us non-discretionary authority to execute investment recommendations as stated above. Non-discretionary authority requires us to obtain a Client's approval of each specific transaction prior to executing investment recommendations, as well as for the selection and retention of sub-advisors to their account.

All transactions in the account are made in accordance with the directions and preferences provided to us by each Client. Clients execute instructions regarding our trading authority as required by each custodian.



Item 17 – Voting Client Securities

Unless specifically directed otherwise in writing by a Client, we are not authorized to receive and vote proxies on issues held in the account or receive annual reports.



Item 18 – Financial Information

- A** Under no circumstances will Maryland Capital Advisors, Inc. solicit or require prepayment of more than \$1,200.00, six months or more in advance, from any Client for advisory services.
- B** Other than having the ability to deduct fees from Client accounts, we do not have custody of Client's funds or securities. We have no financial commitments which would impair our ability to meet the contractual and fiduciary commitments to our Clients.
- C** We have not been the subject of any bankruptcy proceedings.

