



MARYLAND CAPITAL ADVISORS INC.
◇ Registered Investment Advisory ◇

INVESTMENT COMMENT

February 10, 2006

While listening to CNBC during the "Live from the NYSE" broadcast earlier this morning, I heard Mark Haines conduct an interview with a floor trader. Mark and the floor trader were lamenting the fact that the market has been "trading sideways" since January 1. Their definition of the "market" was the Dow Jones Industrial Average. The trader referenced how the Dow has made various attempts to trade higher, but has been "in a trading range". She further suggested that this environment was a "stock picker's market" (inferring that the only way to make money this year has been to correctly select those stocks that have gone up in price). Mark Haines chimed-in that "buy and hold" was certainly not a strategy that has made money so far this year. "We need some catalyst" to get this market moving, he said.

Are these market assessments accurate? Useful? No, and No.

Note the year-to-date returns for the various stock market asset classes under the "YTD" column on the attached Asset Class Monitor report. You will see that their commentary, since it was singularly focused on the DJIA, is only relevant to the largest, growth-oriented stocks (Large Cap Growth). LCG has returned +0.96% YTD, but is clearly not an indication of the overall stock market – it is, in fact, representative of only one equity asset class!

January, in fact, was a tremendous month for equities, although February has been, so far, negative. As you can see, YTD return for each stock market asset class is positive and each of them is higher than Large Cap Growth. Investors that have asset class diverse portfolios have had a great start to 2006. Furthermore, the constant message from these so-called experts encouraging investors to try to pick winning stocks is a process that has been shown by academics to be a futile long-term approach to investing.

Remember, CNBC is selling advertising, not dispensing investment advice.

A handwritten signature in black ink, appearing to be the initials 'MH' followed by a long horizontal stroke.

Maryland Capital Advisors Inc. is an independent, referral-only, investment advisor registered in Maryland. We provide investment management and advisory services to high net-worth individuals, families, foundations, endowments, and other select clients. We work with each client to design, build, implement, and manage a tax-efficient, low-cost investment portfolio designed to match each client's time-horizon, risk tolerance, liquidity needs, and cash flow.

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Asset Class Monitor							Risk		Yield	Valuation		
2/10/2006 20:47		MTD	QTD	YTD	1YR	3YR	5YR	1YR	3YR	12 Mo	P/E	P/B
EQUITIES	Large Cap Growth	-0.39	0.96	0.96	8.69	14.86	-3.21	9.38	9.69	0.88	20.96	4.08
	Large Cap Core	-0.61	1.85	1.85	9.07	17.97	1.42	7.94	8.97	1.89	17.16	2.82
	Large Cap Value	-0.57	3.13	3.13	9.50	20.19	5.62	8.11	9.67	2.38	14.63	2.03
	Mid Cap Growth	-1.82	3.89	3.89	18.14	25.60		12.30	12.37	0.45	22.68	3.88
	Mid Cap Core	-1.34	3.61	3.61	17.44	26.75		10.40	10.98	1.36	20.07	2.79
	Mid Cap Value	-0.88	3.25	3.25	16.67	27.51		9.55	10.83	1.89	18.19	2.17
	Small Cap Growth	-1.58	7.24	7.24	16.39	25.73	3.13	17.61	17.68	0.44	39.52	1.16
	Small Cap Core	-1.62	6.69	6.69	15.85	26.85	8.84	16.25	16.26	1.24	36.07	1.02
	Small Cap Value	-1.49	6.16	6.16	14.44	27.64	13.75	15.09	14.75	1.66	33.42	0.91
	Large Cap International	-1.64	4.04	4.04	19.14	27.74		10.64	11.83	1.79	18.56	2.39
Emerging Markets	-3.85	9.80	9.80	41.66			22.46		1.02	16.56	2.78	
ALTS	Real Estate Investment Trusts	-1.58	5.43	5.43	26.16	31.77	21.08	13.68	16.02	3.77	44.58	2.80
	Commodities	-5.96	-4.44	-4.44	13.84	16.17		15.92	16.88			
	Precious Metals	-3.37	6.22	6.22	31.23			14.34		0.00		
	Fund of Funds	0.18	2.20	2.20	4.34	5.75						
BONDS	Treasuries 1-3yr	-0.22	-0.04	-0.04	1.45	1.32		1.18	1.41	3.15		
	Treasuries 7-10yr	-0.53	-1.22	-1.22	0.06	2.78		5.53	6.96	3.94		
	Treasuries 20-30yr	-0.05	-1.39	-1.39	1.75	5.94		9.53	11.38	4.60		
	Treasury IPS (TIPs)	-0.58	-0.41	-0.41	1.20	5.49	7.83	4.08	6.56	5.62		
	Mortgage-Backed (MBS)	-0.29	0.02	0.02	2.28	3.25	5.18	2.23	3.16	4.71		
	Inv Grade Short Duration	-0.10	0.14	0.14	2.24	2.78	4.06	1.24	1.70	3.66		
	Inv Grade Intermediate Duration	-0.41	-0.51	-0.51	0.55	4.12	5.97	3.61	4.77	4.81		
	Inv Grade Long Duration	0.00	-1.12	-1.12	0.04	6.23	7.69	7.63	9.59	5.50		
	High Yield Intermediate Duration	-0.16	0.76	0.76	3.08	9.16	5.57	4.27	4.18	7.07		
	Municipals Short Duration	-0.09	0.17	0.17	1.40	1.82	3.15	1.06	1.75	3.08		
	Municipals Intermediate Duration	-0.08	0.21	0.21	1.43	3.53	4.25	2.58	3.82	4.12		
	Municipals Long Duration	0.09	0.30	0.30	1.76	4.49	5.17	3.24	5.22	4.56		
	International	-1.48	0.41	0.41	-5.24	6.37	7.69	6.07	8.31	2.82		
Emerging Markets	1.16	3.17	3.17	18.41	19.78	14.92	6.46	7.86	6.95			
Floating-Rate	0.00	0.66	0.66	4.00	4.99		0.84	0.82	4.13			
Money Market									3.14			
Balanced Portfolios		MTD	QTD	YTD	1YR	3YR	5YR	1YR	3YR	Current	P/E	P/B
Vanguard 60/40		-0.84	1.26	1.26	6.41	12.60	3.89	5.09	5.84	2.64	20.09	2.68
DFA 60/40		-0.68	2.65	2.65	10.34			5.71		2.52		
DFA 25/75		-0.19	1.35	1.35	5.39			2.51		3.06		
Market Indices		MTD	QTD	YTD	1YR	3YR	5YR	1YR	3YR	Current	P/E	P/B
S&P 500		-0.69	1.77	1.77	7.63	16.77	0.81	7.91	9.00	1.69	16.89	2.80
DJIA		0.79	2.15	2.15	3.71	13.55	2.22	9.03	9.41	2.08	21.29	3.01
NASDAQ 100		-2.48	1.36	1.36	10.36	19.88	-5.99	15.44	15.33	0.08		
US Domestic Bonds		-0.22	-0.28	-0.28	1.17			3.46		4.15		

Source: Bloomberg L.P.

Note: Asset Class returns are represented by selected mutual funds and ETFs. Returns for periods greater than 1 year are compound annual returns. Risk is annualized standard deviation of returns.

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