



Item 1 – Cover Page

SEC Form ADV Part 2A Firm Brochure

March 20, 2023

This SEC Form ADV Part 2A (“Brochure”) provides information about the qualifications and business practices of Maryland Capital Advisors, Inc. (“MCA”). If you have any questions about the contents of this Brochure, contact us at (410) 604-2741 or mike@marylandcap.com. MCA is a registered investment advisor with the United States 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 SEC.

Additional information about MCA is available on the SEC’s website at www.adviserinfo.sec.gov using the searchable IARD/CRD number 134875.

Item 2 – Material Changes

The date of our previous annual update was March 21, 2022. Since that date we have made no material changes to this Brochure.

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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 federal securities laws, rules and regulations, with our principal place of business located in Chester, Maryland. Michael 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 situation¹. We combine long-standing academic portfolio theory 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, and incorporates the academic research on factors of expected returns. In short, 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. 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. Clients may choose to impose investment restrictions on certain securities or types of securities.
- D** We do not participate in any wrap-fee programs.
- E** MCA manages approximately \$274,423,517 of client assets on a discretionary basis and approximately \$26,851,765 of client assets on a non-discretionary basis. We also provide investment advice and counsel on an additional \$73,299,584 of client assets. These amounts were calculated as of December 31, 2022.

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 the IAA itself

¹ MCA does not provide tax or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax or accounting advice. Always consult a tax advisor before engaging in any transaction.



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 divided by four. Fee adjustments will be made to reflect deposits in and withdrawals from the account (“capital flows”) during the previous quarter on a prorated basis.

STANDARD FEE SCHEDULE

Assets Under Management	Annual		Aggregate Fee	
	Fee	Percent	Dollars	Portfolio
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 held either at Schwab or Fidelity shall be valued at the price provided by Charles Schwab & Co., inclusive of accrued interest, where applicable. For accounts held away from Schwab or Fidelity, securities and other instruments shall be valued at the price provided by the firm holding those accounts. 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 are responsible 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 the IAA will be billed or refunded on a prorated 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 prorated basis.
- E** We are a fee-only investment advisory firm paid on a percentage of client assets managed or a flat fee. No supervised person associated with us receives or accepts any compensation for the sale of securities or investment products.

Rollover Recommendations

As part of our investment advisory services, we may recommend that Clients roll assets from employer retirement plan accounts (Plan Accounts) to an individual retirement account (IRA) that we will manage on their behalf. If a Client elects to roll Plan Account assets to an IRA that is subject to our management, we may charge an asset-based fee, as set forth in each Client's Investment Advisory Agreement. Generally, the more assets a Client has in advisory accounts, the more they will pay in fees. This may create a conflict of interest because we may have financial incentive to recommend this type of rollover. However, when we provide this type of rollover recommendation, we are acting as fiduciaries according to the laws that govern retirement accounts, and must operate under a special rule that requires us to act in Clients' best interests and not put our interests ahead of Clients' interests.

The rule's provisions require that we:

- meet a professional standard of care when making investment recommendations (give prudent advice)
- never put our financial interests ahead of Clients' interests when making recommendations (give loyal advice)
- avoid misleading statements about conflicts of interest, fees, and investments
- follow policies and procedures designed to ensure that we give advice that is in Clients' best interests
- charge no more than a reasonable fee for our services
- give Clients basic information about conflicts of interest

This potential conflict can be addressed and mitigated upon a thorough review of the Client's Plan Accounts, and we will provide Clients with a written explanation of the advantages and disadvantages of rolling over Plan Accounts. Instead of making a specific rollover recommendation, we may instead take an educational approach where we provide general educational materials regarding the pros and cons of rollover transactions, advise Clients to speak with their tax and/or legal advisors, and leave the final rollover decision to the Client.

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

We do not charge any performance-based fees for our services.



Item 7 – Types of Clients

We provide investment advice to the following types of clients:

- Individuals and families
- Retirement plans
- Corporations
- Trusts, estates or charitable organizations

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

A As referenced in Item 4 above, our primary investment strategy relies on the principles of Modern Portfolio Theory and factors of expected returns for constructing and managing client portfolios. The underlying concepts include:

- **Markets are efficient.** Securities are fairly priced in liquid and highly competitive markets, making it virtually impossible to predict the future direction of individual securities, or the market as a whole. It is therefore unlikely that any actively-traded portfolio will succeed in consistently “beating the market.” Such practices also negatively impact portfolio returns due to transaction costs and tax consequences.
- **Investors are risk averse.** The only acceptable risk is that which is adequately compensated with potential portfolio returns.
- **Risk and expected return are related.** Investors seeking higher rates of return must increase the allocation of risky assets in their portfolio, while at the same time accepting greater variation of results (including periods where asset values decline). Investors seeking greater stability in their portfolio must decrease their allocation to risky assets and accept lower rates of return, especially during low interest rate environments.
- **Factors of returns point to differences in expected returns.** The factors of returns for equity (market, company size, relative price, profitability) and fixed income (term, credit) are pervasive, persistent and robust, and can be pursued in cost-effective portfolios.
- **Diversification helps reduce volatility.** A diverse, proportional mix of assets classes (global equities, global real estate and bonds) will maximize returns while reducing the volatility of the portfolio as a whole. It also helps better capture returns from broad market forces.
- **Overall portfolio design is more important than individual security selection.** The appropriate allocation of capital across asset classes has greater influence on long-term portfolio results than the selection of individual securities. Investing strategically and patiently is critical to investment success because it allows the long-term characteristics of the asset classes to materialize.

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



Risk Assets

Risk Assets are expected to generate long-term capital appreciation and maintain purchasing power relative to inflation. We hold Risk Assets, comprising global equities and real estate investments, almost exclusively in mutual funds and exchange traded funds (ETFs), rather than individual securities. We categorize Risk Assets in three geographic groups - U.S., International, and Emerging Markets. Our risk exposure analysis is guided by contact with fund managers, review of fund holdings, adherence to mandated fund strategy, and monitoring of fund risk and return performance.

Low-Risk Assets

Low-Risk Assets are expected to preserve capital and dampen the volatility of Risk Assets. We hold Low-Risk Assets in bond funds and individual bonds of various maturities. The benefits of a varied maturity pattern are a steady portfolio cash flow and reinvestment opportunities. Low-Risk Assets include Government and Agency Bonds, Bank Certificates of Deposit, Municipal Bonds and Investment Grade Corporate Bonds. 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.

- 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. Investing in securities involves risk of loss including principal. Clients should be prepared to bear all market risk involved in the investment of account assets under the IAA and understand that investment decisions made for each account are subject to various market, currency, economic, political and business risks.

Nothing in the IAA shall relieve us from any responsibility or liability we may have under the Investment 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 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

As a fiduciary, MCA has certain legal obligations, including the obligation to act in clients' best interest. MCA maintains a Business Continuity and Succession Plan ("BCP") and seeks to avoid a disruption of service to clients in the event of an unforeseen loss of key personnel, due to disability or death. To that end, MCA has entered into a succession agreement with Buckingham Strategic Wealth, effective January 31, 2015. MCA can provide additional information regarding the BCP to any current or prospective client upon request by contacting Michael Damas at (410) 604-2741 or mike@marylandcap.com.

Other than the information disclosed above, we do not participate in any other materially significant financial industry activities and have no other financial industry affiliations to disclose.

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

A MCA 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,C,D MCA, 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 securities for our advisory accounts before purchasing any of the securities for our own account. Likewise, where appropriate, we will sell securities from our advisory accounts before selling any of the securities from our own account. 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' brokerage services are executed by independent third-party broker-dealers. Except to the extent that a client directs brokerage otherwise, we may use our discretion in selecting or recommending broker-dealers. Clients are not obligated to effect transactions through any broker-dealer recommended by us.

In some transactions where clients choose to direct trades we may not achieve the most favorable execution of client transactions, which may cost clients more money. For example, in directed brokerage accounts, clients may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.



In recommending a broker-dealer, 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 broker-dealer's facilities, reliability and financial responsibility;
- The ability of the broker-dealer 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 broker-dealer 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 MCA's President. 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 the 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 investments that we manage, and we provide a client portal where clients can view their investment accounts, quarterly reports, and up-to-date values and performance at any time. 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

MCA does not have custody of the assets in client accounts, other than having the ability to deduct our fees from client accounts held with qualified custodians, and the ability to disburse or transfer certain funds pursuant to Standing Letters of Authorization executed by clients. As such, MCA 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 of 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 with qualified custodians.

Item 16 – Investment Discretion

Except as otherwise instructed, clients grant us ongoing and continuous discretionary authority to execute investment recommendations in accordance with an Investment Policy Statement (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. Client may impose investment restrictions.

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. As mentioned in Item 13 above, all clients receive quarterly reports on 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.

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 to receive annual reports. Pursuant to SEC Rule 206(4)-6, we maintain a policy and related procedures to ensure our firm’s proxy voting policy is observed, implemented properly and amended or updated, as appropriate.

In situations when clients have assigned proxy voting authority to us, we will evaluate the subject matter of the proxy to be voted on behalf of the client, and vote or abstain based on the best economic interest of the client. For proxy votes pertaining to mutual funds, this generally means we will vote in accordance with Board recommendations. We will keep a record of all proxies voted on behalf of clients.



Clients who do not direct us to vote proxies on their behalf should receive their proxies or other solicitations directly from their custodian, and those clients are encouraged to contact the custodian about each particular solicitation.

Item 18 – Financial Information

- A** Under no circumstances will MCA 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 our fees from client accounts held with qualified custodians, and the ability to disburse or transfer certain funds pursuant to Standing Letters of Authorization executed by clients, MCA does not have custody of the assets in client accounts. 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.

