

## Characteristics of Our Client Portfolios versus Non-Investment Advisor Alternatives

	<b>Maryland Capital Advisors Inc.</b>	<b>Non-Investment Advisor Alternatives</b>
<b>Comprehensive</b>	We create one diversified portfolio across all investible client accounts such as IRA, 401(k), profit sharing plans, life insurance, trusts, and individual accounts, etc.	Client accounts are typically separately-managed and balanced within each account. Accounts held outside of the firm are not incorporated in overall portfolio allocation design.
<b>Tax-Efficiency</b>	We allocate tax-inefficient assets to tax-deferred accounts and more efficient investments to taxable accounts. We also utilize year-end tax-loss "harvesting" to minimize capital gains taxes.	To maintain a balanced allocation in each account, tax inefficient investments (ex. bonds) are often held in taxable accounts. There is rarely an attempt to "manage" taxable gains.
<b>Cost-Efficiency</b>	We use only low-cost, institutional-class funds and investment vehicles to gain exposure to each asset class.	"Fee-based" and commission-based investment advisors select investment products with embedded costs that lower client's total return.
<b>Equity Allocation "Tilts"</b>	<b>Some common allocation differences with portfolios we have seen</b>	
<b>- Value &amp; Size Risk</b>	Academic work has shown that there is a long-term return premium to Value vs. Growth and Small vs. Large company stocks. These factors have higher risk, but offer valuable portfolio diversification. <i>Our portfolios tend to have greater allocations to Value and Small company stocks than typical portfolios.</i>	
<b>- Currency Risk</b>	We view the risk of a devaluation of the US Dollar to be real. <i>Our portfolio allocations are often diversified into non-US Dollar assets to a greater extent.</i>	
<b>- Inflation Risk</b>	A significant risk to all long-term investors is rising costs. <i>We employ strategies to hedge inflation risks with inflation-linked and commodity-linked strategies.</i>	

