Strategy Commentary

Dividend Growth Equity

Market Review

Both stocks and bonds were negative in the second quarter as markets moved to price in further interest rate hikes and an increased risk of recession. Equity declines have been widespread and not one of the eleven major stock market sectors posted a positive return for the quarter. The Energy sector remains the only real winner on the heels of higher oil prices, with an outlying +31.84% return thus far in 2022. The DJIA "led" the major U.S. indexes with a decline of -10.78% for the quarter, while the S&P 500 and the tech-heavy NASDAQ declined -16.10% and -22.28%, respectively. Non-U.S. equities suffered similar results amidst the turmoil as the MSCI EAFE Index lost -14.29% and the MSCI Emerging Markets Index fell -11.34%.

When equity markets struggle, fixed income securities usually provide some ballast. This has not been the case thus far in 2022. Bonds have provided no relief for investors as Fed rate hikes and traders' assessment of risk to the economy have caused yields to grind higher throughout the year. The 10-Year U.S. Treasury bond finished the quarter with a yield of 2.97%, nearly 70 basis points (+0.70%) higher than where it started, after rising as high as 3.49% in mid-June. As the ascent in yields continued, so did the move lower in bond prices. The Barclays Intermediate Government/Credit Bond Index and the Barclays 5-Year Municipal Bond Index declined -2.37% and -0.42%, respectively. Of the 186 quarters since 1976, a negative quarterly return for both stocks and bonds has occurred just twenty times, including 2Q 2022. Furthermore, over the same 46-year period, there are just five instances where both stocks and bonds were negative for two consecutive quarters as they have been in 2022.

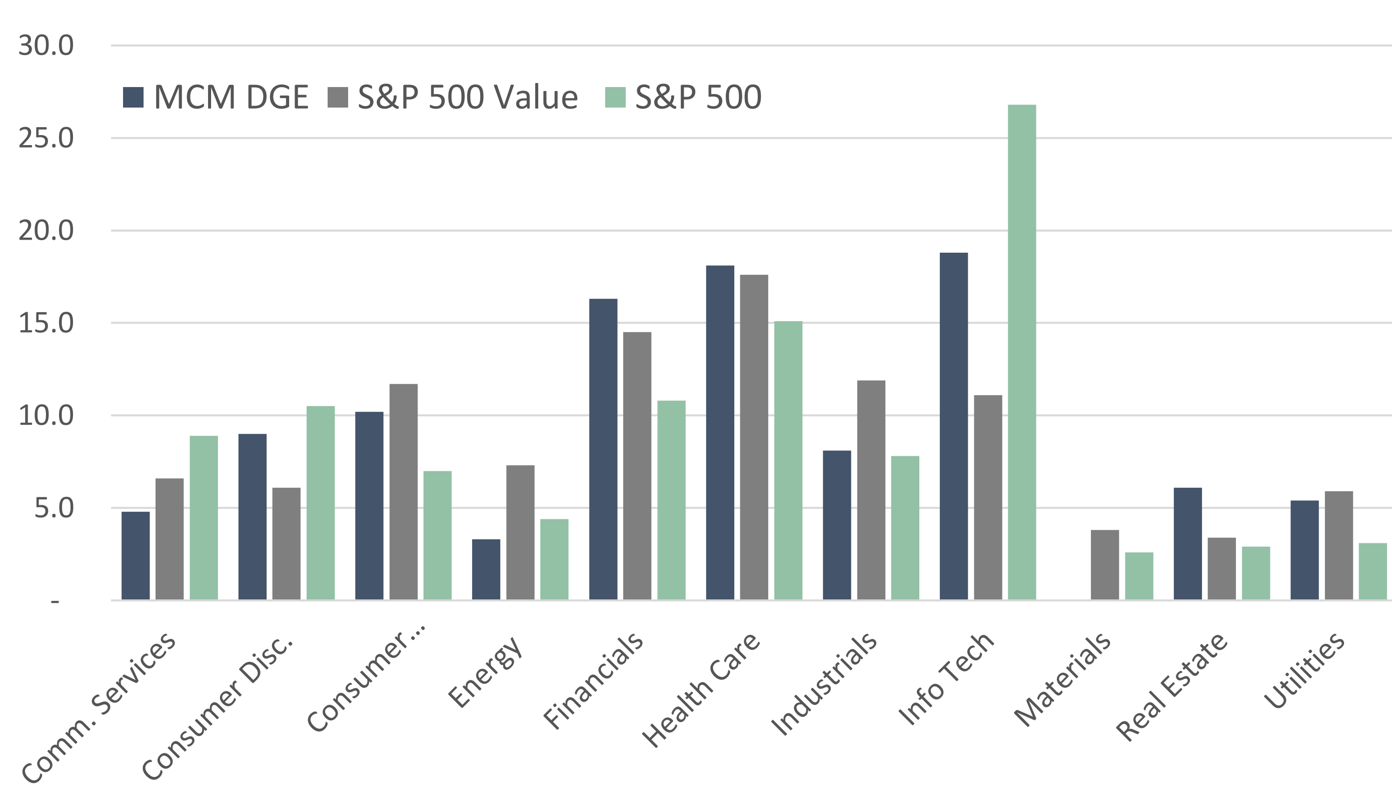
	QTD	YTD	1 YR	3 YR	5 YR	Since Inception*
MCM Dividend Growth Equity	-11.54	-16.12	-6.26	9.20	9.72	9.64
S&P 500 Value Index	-11.27	-11.41	-4.86	8.23	8.19	9.43
S&P 500 Index	-16.10	-19.96	-10.62	10.60	11.31	12.38

**Inception date of Dividend Growth Equity is June 30, 2016*

Portfolio Review

The MCM Dividend Growth Equity strategy returned -11.5% (net) in 2Q 2022, outperforming the S&P 500's return of -16.1%. Sector weightings were the largest contributors to the outperformance. Underweighting in the Communication Services and Consumer Discretionary areas, which lost 21.2% and 26.3%, respectively, were the two largest factors in performance for the quarter. We allowed the cash position build up to high single digits for a more defensive posturing which also proved helpful in one of the most difficult quarters in years. Overweight positioning in the Health Care and Consumer Defensive sectors also played a positive role versus the performance of the S&P 500 benchmark. Most of the more defensive positioning was done in the first quarter as we were anticipating a slowing growth environment.

Sector Weightings (%)



Benchmark and Composite detail can be found in GIPS Disclosure at end of presentation. All data presented above is supplemental to the GIPS disclosure. This report is not a recommendation to buy or sell specific securities.

INVESTMENT OBJECTIVE

The MCM **Dividend Growth Equity** Strategy seeks to provide above-average yield and total return by investing in a concentrated portfolio of high-quality, large-cap companies that offer a strong potential for dividend and earnings growth.

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Portfolio Activity

Purchases	Sector

Sells	Sector
3M Company (MMM)	Industrials

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- Portfolio Review Continued -

Thus, trading in the second quarter was modest as we trimmed one of our largest and most successful year-to-date performers, AbbVie, and increased the position in Sysco Corporation that was initiated in the first quarter. Lastly, we exited 3M Corporation completely. Pending litigation on several fronts threatens to keep a lid on share prices for years as lawsuits make their way through the legal system.

Contributors

The portfolio's largest positive contribution this quarter came from **Sysco Corporation (SYY).** Sysco was one of only a few stocks to post a positive return in an overall dismal quarter for the market. The foodservice distribution industry is in recovery mode and Sysco, the largest broadline foodservice distributor in the U.S., is poised to gain market share over the next several years.

Health Care constituents **UnitedHealth Group Incorporated (UNH)** and **Johnson and Johnson (JNJ)** were the next largest contributors to performance this quarter with returns of +0.06% and +0.03%, respectively. Both stocks remained in positive territory as investors rotated into "safe haven" stocks.

Top Five Contributors

Ticker	Name	Avg. Weight %	Total Return %	Contribution to Return %
SYY	Sysco Corporation	2.81	4.35	0.07
UNH	UnitedHealth Group	3.50	1.08	0.06
JNJ	Johnson & Johnson	2.88	0.79	0.03
MCD	McDonald's Corp.	3.07	0.39	0.03
VZ	Verizon	2.16	0.84	0.02

Detractors

Target Corporation (TGT) was our worst performing stock during the second quarter in terms of contribution, returning -1.04%. In June management announced a new plan to right-size it's miscalculated inventory. This move is expected to hit operating margins taking them down from 5% to 2%. The retailer's announcement caught the markets by surprise as the company had just made an earnings announcement only three weeks prior.

Bank of America Corporation (BAC) was our second largest detractor, suffering a -24.1% decline throughout the quarter. Although their first quarter earnings exceeded expectations there was a year-over-year decline in equity and debt underwriting of -79% and -15%, respectively. Predictions of a pending recession put pressure on the entire market and on banks in particular. Fears that loan growth could slow to a trickle hit the group hard in the second quarter.

Top Five Detractors

Ticker	Name	Avg. Weight %	Total Return %	Contribution to Return %
TGT	Target Corporation	2.80	(33.17)	(1.04)
BAC	Bank of America	3.27	(24.05)	(0.84)
AVGO	Broadcom Inc.	3.39	(22.22)	(0.81)
APO	Apollo Global	3.35	(21.22)	(0.76)
AAPL	Apple Inc.	3.21	(21.59)	(0.74)

Outlook

Strategas Research's Jason Trennert summed it up pretty well when he recently opined that, "Given a pandemic that shuttered the world's economy, and the overwhelming fiscal and monetary responses employed to combat the concomitant recession that followed, perhaps it's not all-that-surprising that the bill for the global economy would come due sooner or later. The real question now is whether that debt has been paid, at least metaphorically, or whether a balance remains." Interest rates are moving higher, although still at historically low levels. Consumers are experiencing elevated prices at the pump and elsewhere. We may or may not currently be in a recession. If not, the odds of recession in the coming quarters has certainly increased. The stock market is in bear market territory. The question for markets now, for which no one knows the answer, is – how much bad news is currently priced in to the markets? Many stocks are now trading back at pre-pandemic levels. Over $14 trillion in market value has been lost in the U.S. equity market alone (not to mention bonds, crypto currencies, etc.), dwarfing the $8 trillion that evaporated in the 2009 bear market.

As we enter the dog days of summer and what is historically a seasonally weak period for markets, we remain focused on upgrading portfolios by finding high-quality, "shorter-duration" companies with strong cash flows and lower valuations. Higher interest rates means that bond yields are finally more attractive for balanced portfolios, especially in the shorter end of the yield curve. We anticipate continued choppiness over the coming months that could test investors' nerves. Markets will react to headline earnings results and guidance, consumer spending trends, and employment and inflation data. We remain committed to being a prudent advisor, adding value for our clients, and steadfast in our pursuit of delivering competitive risk-adjusted returns across MCM's various investment strategies. Thank you for the continued confidence you have placed in us. As always, do not hesitate to contact us should you have any questions or concerns.

Top five and bottom five contributors are inclusive of cash and cash equivalents. The security returns listed represent the period of when the security was held during the quarter. The holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients. Contact MCM to obtain calculation methodologies and a list showing the contribution of each holding in the composite to performance during the period. The portfolio information provided is based on our Dividend Growth Equity composite. Past performance does not guarantee future results.

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Concentrated Growth Equity Composite (7/1/16 – 12/31/21)

Year	Composite Total Gross Returns (%)	Composite Total Net Returns (%)	S&P 500 Value Benchmark Returns (%)	Composite Dispersion (%)	Composite 3 Yr Standard Deviation (%)	S&P 500 Value Standard Deviation (%)	Composite Number of Portfolios	Composite Assets ($Millions)	Total Firm Assets Under Management ($Millions)	Assets Under Advisement ($Millions)	Total Entity Assets ($Millions)*
2016**	5.72	5.20	10.50	-	-	10.88	1	0.45	964.15	2.66	966.81
2017	15.10	13.95	15.36	-	-	10.46	1	0.50	1038.24	0.28	1038.52
2018	0.23	-0.76	-8.95	-	-	11.18	1	0.49	1049.06	0.22	1049.28
2019	24.90	23.67	31.93	-	9.02	12.91	1	0.60	1382.27	3.10	1385.37
2020	10.85	9.90	1.36	-	15.10	19.62	7	7.47	1948.11	55.66	2003.77
2021	28.97	28.07	24.90	-	14.72	18.96	14	15.16	2475.24	85.83	2561.07

Global Investment Performance Standards (GIPS®)

Maryland Capital Management, LLC ("MCM") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. MCM has been independently verified for the periods 12/31/95 – 12/31/21. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all of the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite maintenance, as well as calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The verification reports are available upon request.

Firm and Composite Information

MCM is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. MCM manages a variety of equity, fixed income, alternative, and balanced investment strategies for both high net worth and institutional investors.

The Dividend Growth Equity composite was created on 10/1/20 and incepted on 6/30/16**. Accounts included are comprised of all actively managed fee paying and non-fee-paying accounts with a minimum asset value of $250,000 and a dividend growth strategy. The composite seeks to provide above-average yield and total return by investing in a concentrated portfolio of high quality, large capitalization companies that offer a strong potential for dividend and earnings growth. Portfolios typically hold 35 positions resulting from the MCM Investment Committee's analysis. Some accounts hold a cash balance that may impact performance. The standard investment management fee for the Dividend Growth Equity composite is 1% of AUA per annum and is negotiable in certain circumstances.

Benchmark

The composite benchmark is the S&P 500® Value Index, a style-concentrated index designed to track the performance of stocks that exhibit the strongest value characteristics by using a style-attractiveness weighting scheme. The S&P 500® Value Index contains only those S&P 500 companies with value stock characteristics as selected by Standard & Poor's. On 6/30/22, the S&P 500 was added as a secondary benchmark. The S&P 500 is a market capitalization weighted index containing the 500 most widely held companies chosen with respect to market size, liquidity and industry. Both indexes are unmanaged and cannot be invested in directly.

Performance Calculations

Valuations and returns are computed and stated in U.S. dollars. Results reflect the reinvestment of dividends and capital gains.

MCM calculates an asset-weighted return using the aggregate method on a monthly basis. This method aggregates market values and cash flows for all accounts and treats the composite as if it were one account. Portfolios included in a composite belong to the composite for the entire one-month period. The Modified Dietz Method (average capital base equation) is used to calculate monthly return for separate accounts. Results for the full historical period are time-weighted.

Gross-of-fees returns are presented before investment management and custodial fees, but after all trading expenses and withholding taxes. Net-of-fees returns are calculated using actual investment management fees paid by clients.

Dispersion is calculated using the equal-weighted standard deviation of the gross portfolio returns of all accounts included in the composite for the entire year. The three-year annualized standard deviation measures the variability of the gross composite returns and the benchmark returns over the preceding 36-month period using returns gross of fees. Dispersion is not calculated if there were less than six accounts in the composite for the entire calendar year.

Past performance does not guarantee future results. A list of MCM composite descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are also available upon request.

*Total Entity Assets includes both Assets Under Management and Assets Under Advisement.

GIPS® Standards