Strategy Commentary

Small Cap Growth Equity

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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 Small Cap	-23.58	-33.95	-37.29	0.69	5.41	7.76
S&P SmallCap 600 Index	-14.11	-18.94	-16.81	7.30	7.21	7.07

**Inception date of Small Cap Growth Equity is December 31, 2016. Performance data presented above is net of advisory fees.*

Portfolio Review

The MCM Small Cap Growth Equity strategy returned -23.58% (net) in 2Q 2022, underperforming the S&P SmallCap 600 Index. SCGE's underperformance was due primarily to a negative selection effects from Information Technology and Industrial portfolio holdings. A negative allocation effect from our Information Technology sector weight also had a drag on the strategy throughout the quarter. The portfolio's largest underweight allocation is to the Financials sector, while the largest overweight is to the Information Technology sector.

We expect the growth equity market will remain volatile as inflation, interest rates, earnings, domestic politics, and global geopolitical tensions are discounted by investors. However, the emergence of disinflation and political clarity post US Midterm elections in November could provide a catalyst to the upside.

INVESTMENT OBJECTIVE

The MCM **Small Cap Growth Equity** Strategy seeks to provide capital appreciation by investing primarily in high-quality, small-cap companies with above-average growth potential.

INVESTMENT TEAM

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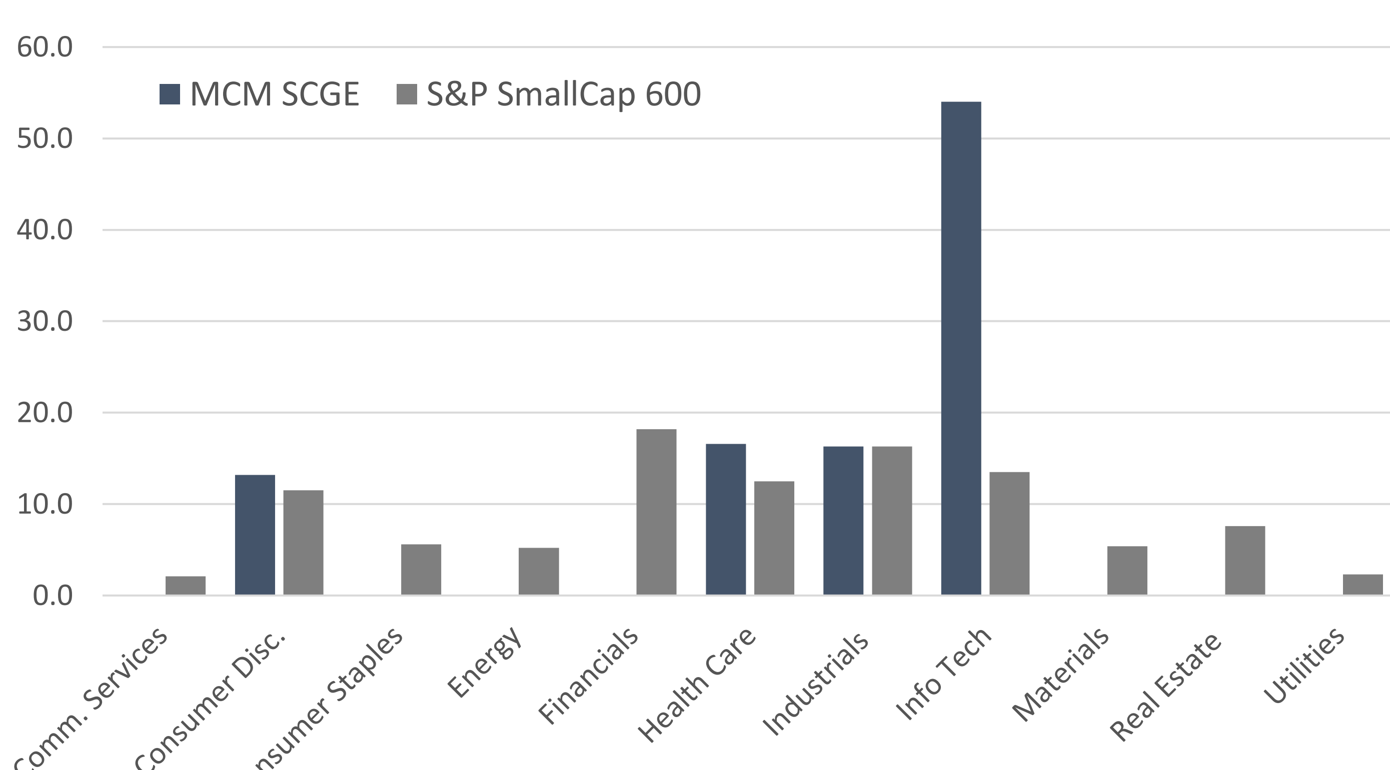
Sector Weightings (%)



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.

Portfolio Activity

Purchases	Sector

Sells	Sector
Bandwidth Inc. (BAND)	Technology
Chegg, Inc. (CHGG)	Consumer Staples
Schrodinger, Inc. (SDGR)	Health Care
Wingstop Inc. (WING)	Consumer Disc.
Mimecast Ltd (MIME) -*Acquired*	Technology

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Contributors

The portfolio's largest positive contribution this quarter came from **Federal Signal Corporation (FSS)**, with a return of +5.76%. This provider of products and services to government entities at the federal, state, and municipal level posted a handsome beat and raise quarter across the board. It was a record quarter for the company, with orders up 66% and backlog increasing 107% year-over-year. We believe shares should continue to prosper as benefits from Federal stimulus and strong demand from end markets continues.

Mimecast Limited (MIME) was the second biggest contributor to 2Q 2022 performance with a return of +0.45%. MIME ceased to trade publicly and was taken private on 5/19/22 after being acquired by Permira for $5.8B or $80/share. Mimecast offered a one-stop-shop for cybersecurity solutions focused on email, under a SaaS business model. The e-mail security company was a quality holding for the portfolio as cybersecurity has become a priority in the C-suite. Shares also benefited from a huge tailwind created by the pandemic.

Top Five Contributors

Ticker	Name	Avg. Weight %	Total Return %	Contribution to Return %
FSS	Federal Signal Corp.	2.06	5.76	0.10
MIME	Mimecast Ltd.	1.48	0.45	0.01
PAR	PAR Technology Corp.	1.53	(7.06)	(0.01)
BAND	Bandwidth Inc.	0.09	(2.93)	(0.02)
SDGR	Schrodinger, Inc.	0.01	(8.26)	(0.06)

Detractors

Globant SA (GLOB) was the portfolio's top detractor during the second quarter, declining -33.61%. Despite reporting strong quarterly results, shares of this IT and software development company had a weak quarter due to fears of global growth headwinds slowing down new bookings. The company also disclosed that a portion of their proprietary code was subject to unauthorized access. Fortunately, the breach was very limited, and it was determined that no other areas of their infrastructure or their clients was affected. GLOB is in an enviable software development niche and is expected to compound the top and bottom lines at a >20% IRR over the next 3-5 years.

Our second worst performing stock during the quarter in terms of contribution was **Axon Enterprise Inc. (AXON),** declining -32.35%. AXON posted a record quarter and raised their full year outlook. However, shares corrected due to multiple compression as the broader market re-rated high duration equities. AXON is also dealing with a CFO transition, and a President on medical leave for a serious, but treatable, issue. As civil unrest remains a reality globally, we expect AXON to continue their premium growth trajectory over the next few years.

Top Five Detractors

Ticker	Name	Avg. Weight %	Total Return %	Contribution to Return %
GLOB	Globant SA	3.88	(33.61)	(1.43)
AXON	Axon Enterprise	3.96	(32.35)	(1.39)
RPD	Rapid7 Inc.	2.55	(39.95)	(1.19)
PEGA	Pegasystems Inc.	2.17	(40.64)	(1.14)
HEI	HEICO Corporation	5.90	(16.84)	(1.02)

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 into 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 Small Cap Growth Equity composite. Past performance does not guarantee future results.

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Small Cap Growth Equity Composite (1/1/17 – 12/31/21)

Year	Composite Total Gross Returns (%)	Composite Total Net Returns (%)	S&P SmallCap 600 Benchmark Returns (%)	Composite Dispersion (%)	Composite 3 Yr Standard Deviation (%)	S&P SmallCap 600 Standard Deviation (%)	Composite Number of Portfolios	Composite Assets ($Millions)	Total Firm Assets Under Management ($Millions)	Assets Under Advisement ($Millions)	Total Entity Assets ($Millions)*
2017	26.83	25.63	13.23	-	-	-	2	1.14	1038.24	0.28	1038.52
2018	-4.14	-4.93	-8.48	-	-	-	3	1.51	1049.06	0.22	1049.28
2019	25.03	24.03	22.78	-	17.42	16.47	4	1.89	1382.27	3.10	1385.37
2020	51.84	50.66	11.29	-	24.57	25.86	5	3.09	1948.11	55.66	2003.77
2021	2.91	2.11	26.82	0.85	23.09	23.90	29	12.57	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 Small Cap Growth Equity composite was created and incepted on 12/31/16**. The composite seeks capital appreciation by investing solely in small capitalization equities with above-average growth potential. Portfolios generally hold forty to fifty positions resulting from the MCM Investment Committee's analysis. The composite includes all actively managed fee paying and non-fee paying equity accounts managed with a small cap growth strategy. The percentage of the composite represented by non-fee paying accounts was 14% in 2020 and 4% in 2021. The composite does not have a minimum asset value requirement. Accounts in the composite may hold a cash balance that may impact performance. The standard investment management fee for the Small Cap Growth Equity composite is 1% of AUA per annum and is negotiable in certain circumstances.

Benchmark

The composite benchmark is the S&P SmallCap 600. The index seeks to measure the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable. The iShares S&P 600 Growth Index replaced the FTSE Russell 2000© Growth Index as the benchmark in October 2019 due to increased expenses associated with licensing and usage fees of FTSE Russell Indexes. Effective December 31, 2021, the iShares S&P 600 Growth Index was replaced with the S&P 600 Small Cap Index. This change in benchmark was due to new availability of the index. 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