

# Muhlenkamp & Company

**Webcast May 11, 2017**

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**Muhlenkamp & Company, Inc.**  
*Intelligent Investment Management*

# Welcome

- All participants are in a listen-only mode.
- We will conduct a question-and-response session after the presentation.
- This webcast is being recorded.

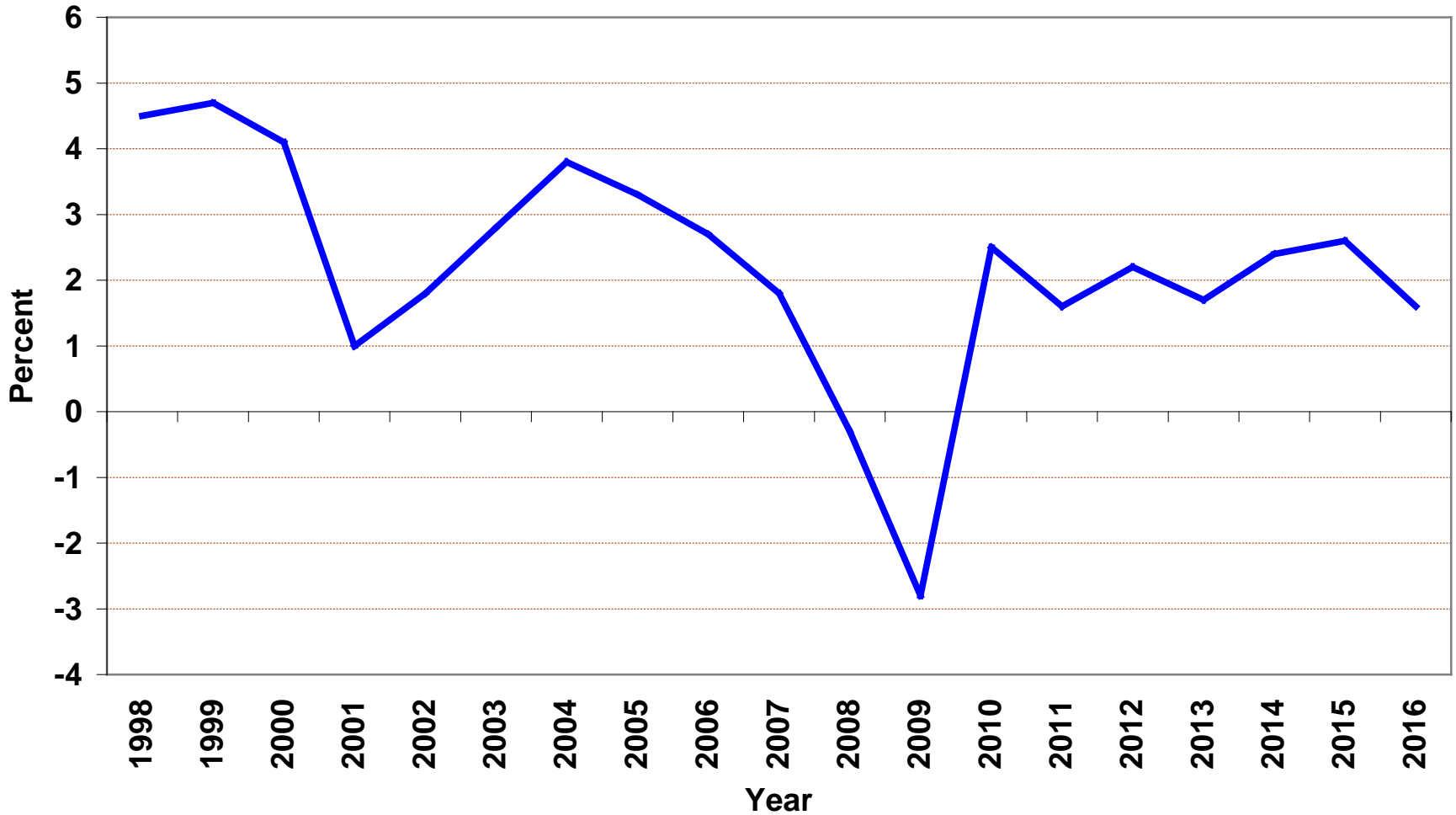


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Our Checklist:	What we observe as the Current State:	Future Outlook:
1. Consumer Spending	Mixed	Mixed
2. Business Investment	Low	Unsure
3. Credit Default/Bank Health	Good overall but showing signs of weakness.	Weakness becomes more evident
4. Velocity of Money	Declining	Unsure
5. Inflation	Low Inflation	Unsure
6. Federal Reserve and Treasury	Raising Short Term Rates	Balance sheet reduction?
7. Taxes	Changes being discussed in DC	Unsure
8. Regulation	Slow improvement	Slow improvement
X 9. Europe & Japan	Potentially disruptive	Potentially disruptive
X 10. China	Potentially disruptive	Potentially disruptive



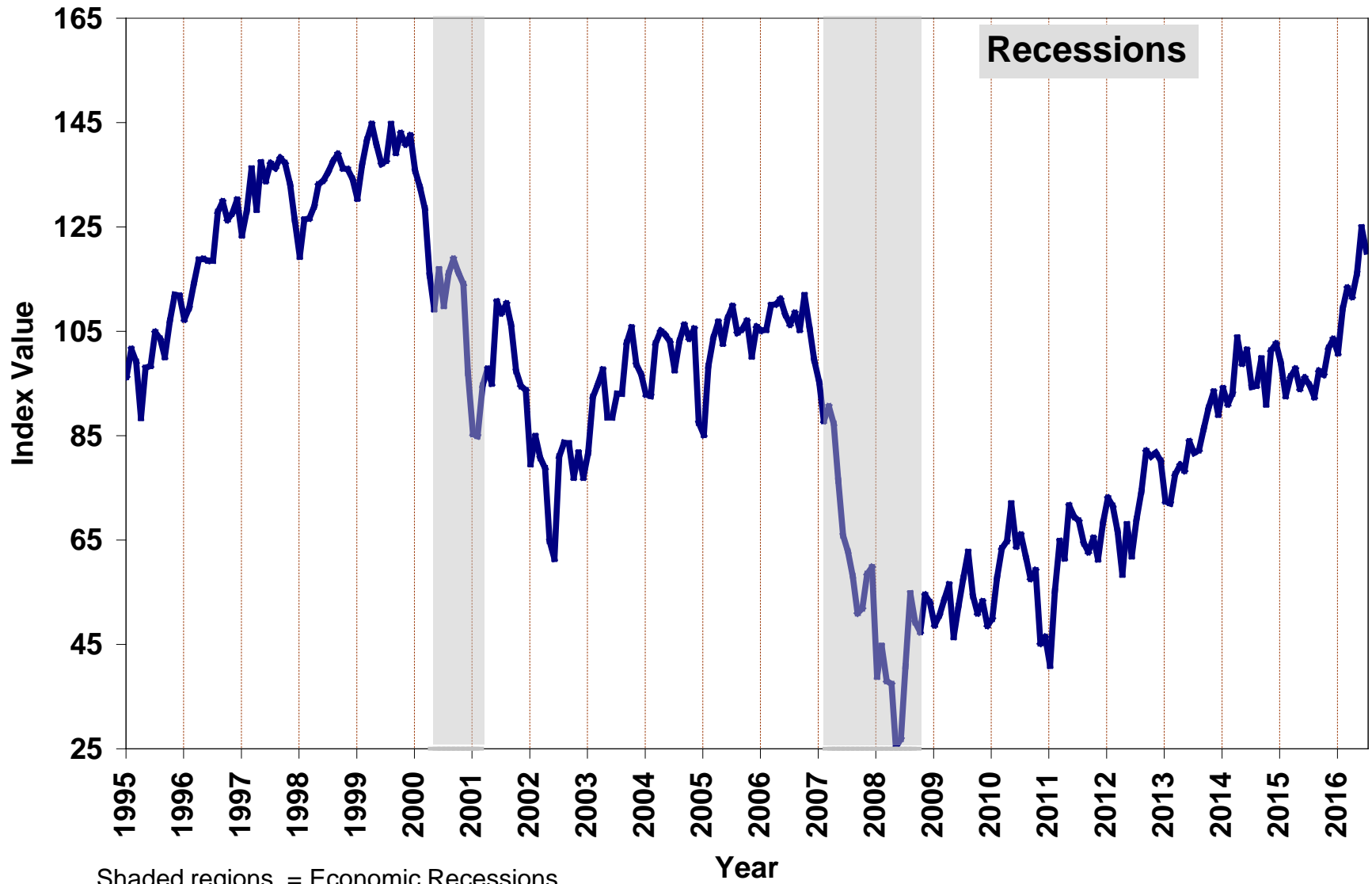
# U.S. Real GDP (Annual YoY %) 1998-2016



Source: Bloomberg



# U.S. Consumer Confidence 1995-Apr2017 (Monthly)

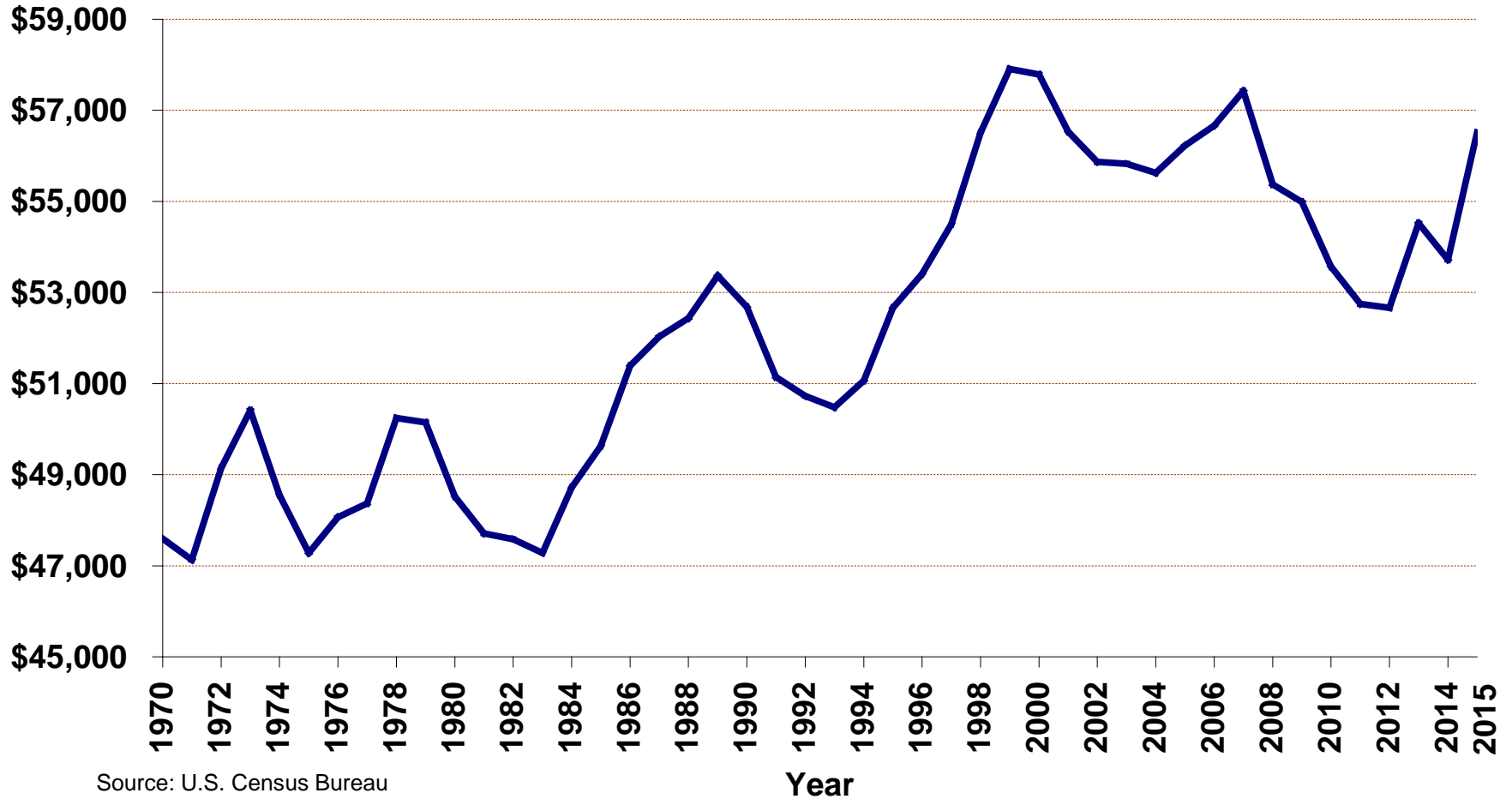


Shaded regions = Economic Recessions

Source: Conference Board; Data Normalized 1985=100



## U.S. Household Median Income Real Chained 2015 Dollars 1970-2015 (Yearly)



Source: U.S. Census Bureau

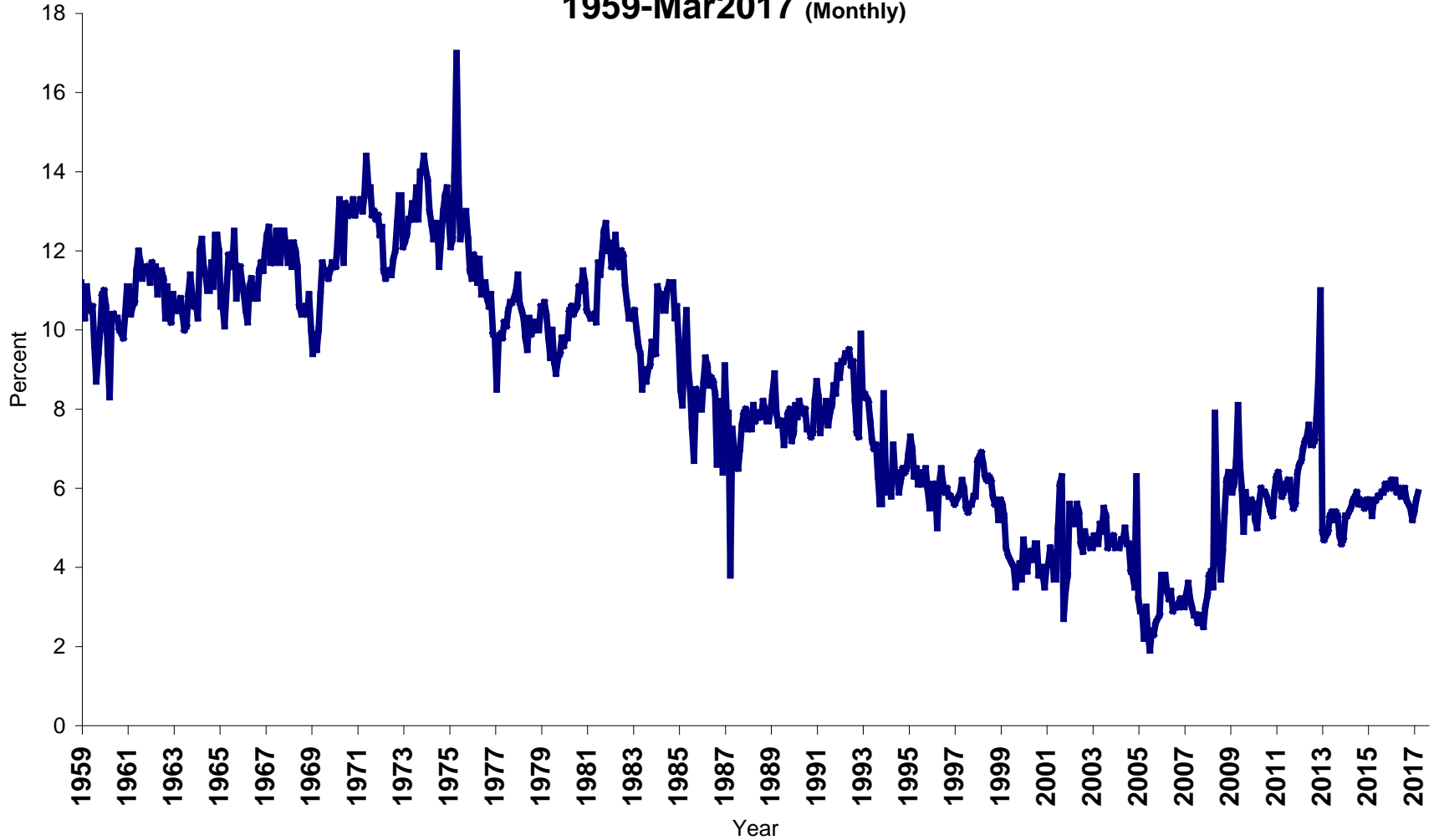


NOTE: In 1996, the U.S. Department of Commerce introduced the chained-dollar measure. The new measure is based on the average weights of goods and services in successive pairs of years. It is "chained" because the second year in each pair, with its weights, becomes the first year of the next pair. The advantage of using the chained-dollar measure is that it is more closely related to any given period covered and is therefore subject to less distortion over time.

# U.S. Personal Savings Rate

% of Disposable Personal Income

1959-Mar2017 (Monthly)

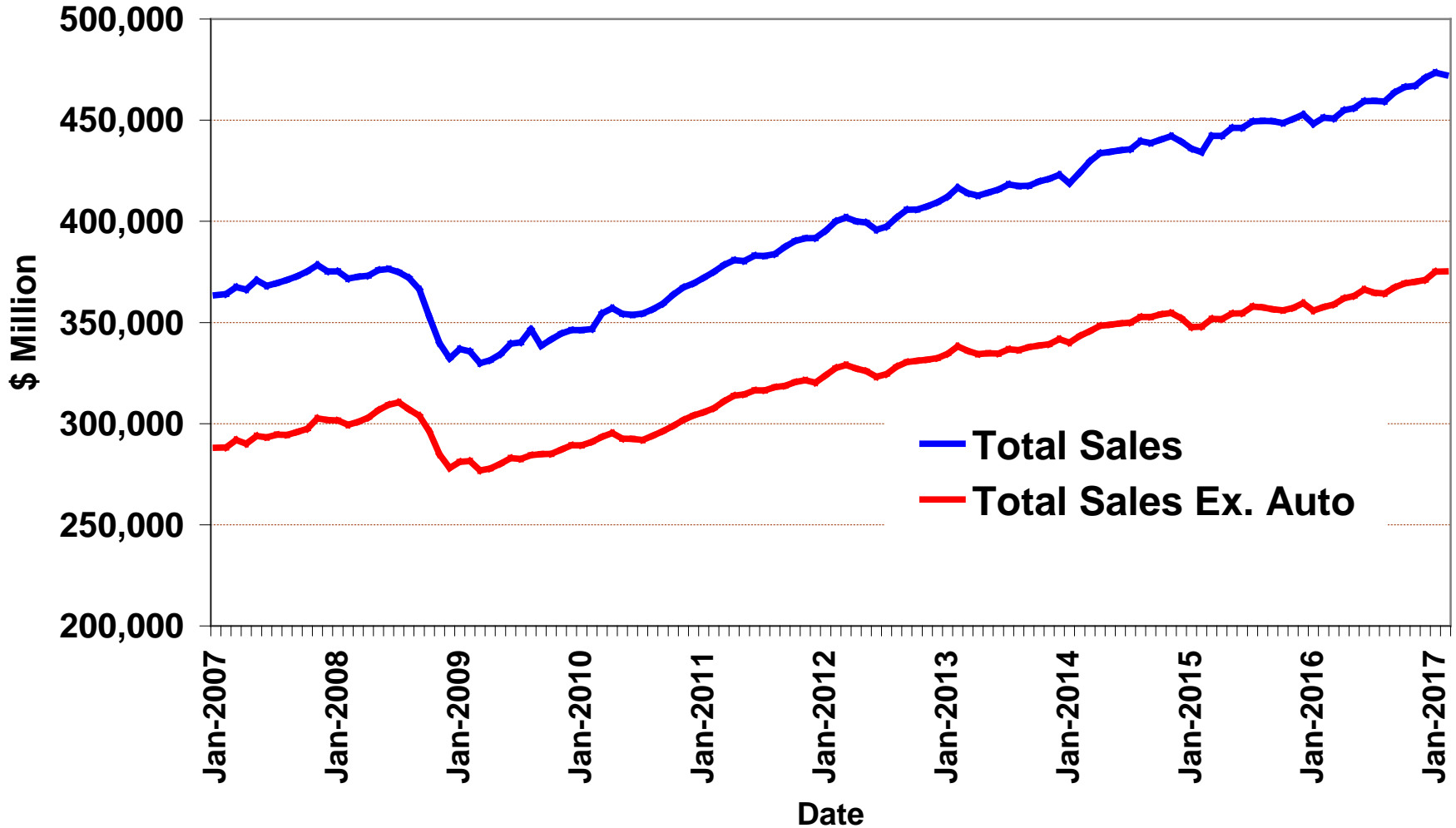


Source: Bureau of Economic Analysis



# Retail Sales

Retail Trade and Food Services: U.S. Total — Seasonally Adjusted Sales  
2007-Feb2017



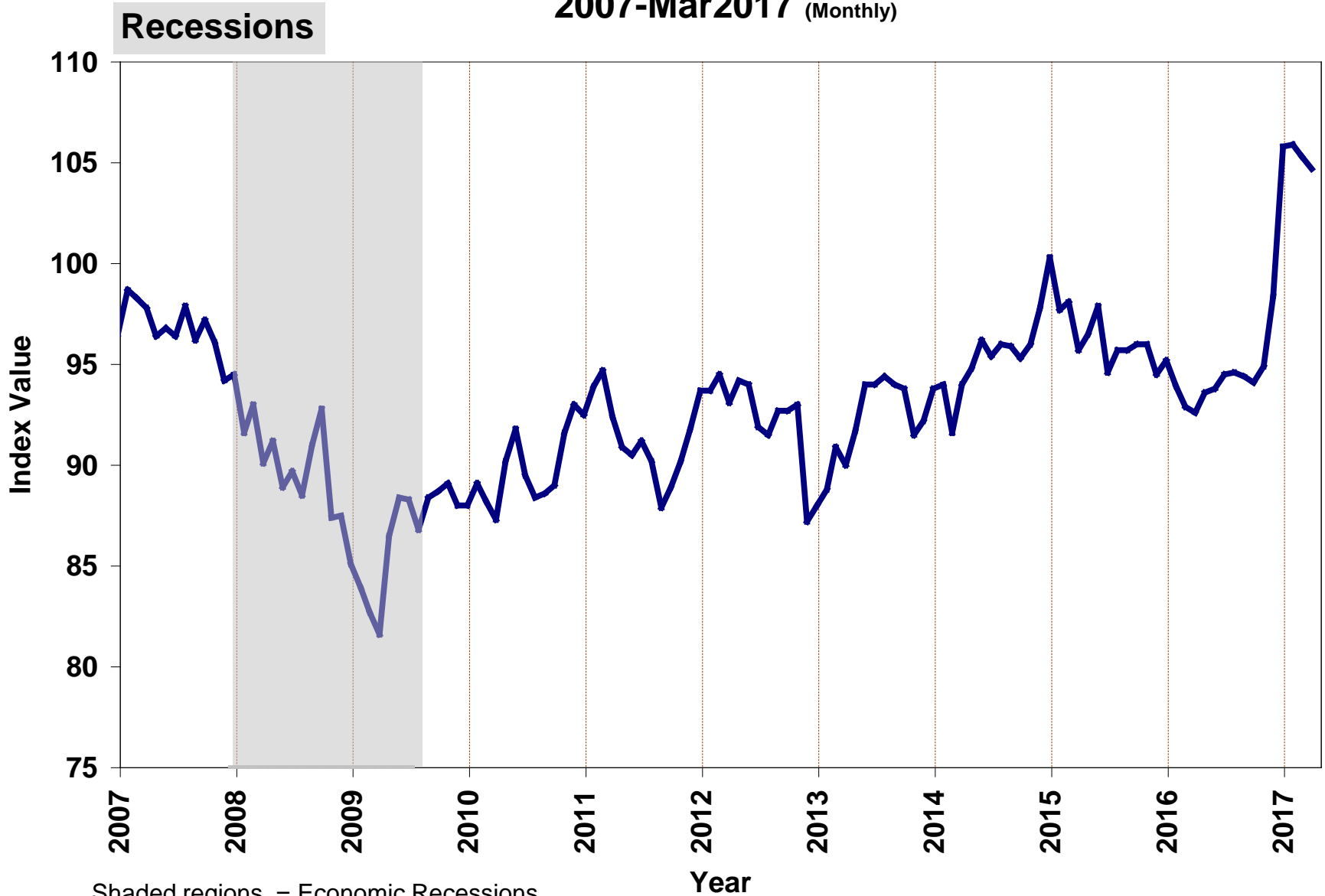
Source: U.S. Census Bureau





# NFIB Small Business Optimism Index

2007-Mar2017 (Monthly)

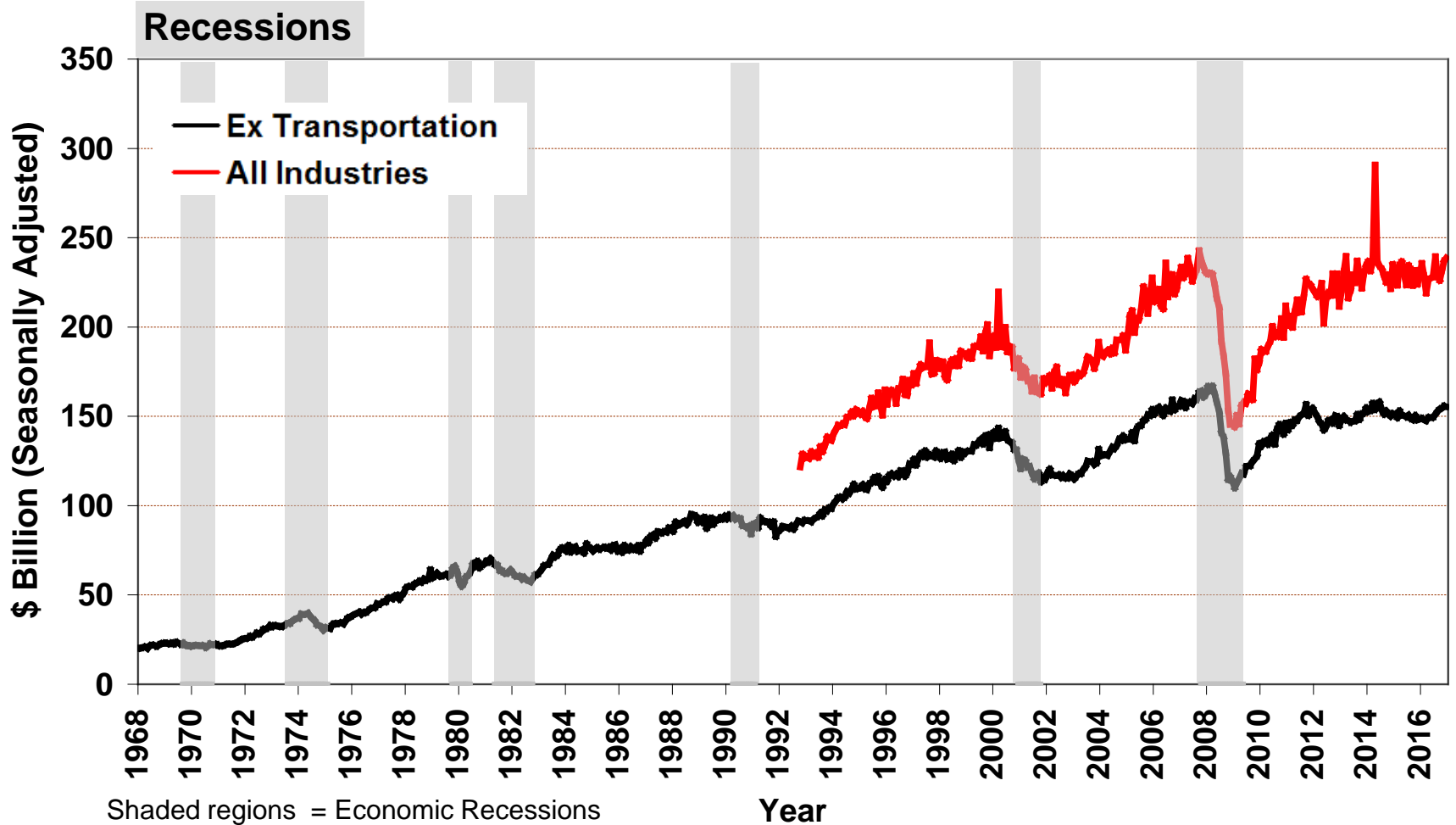


Shaded regions = Economic Recessions

Source: National Federation of Independent Business NFIB; Data Normalized 1986=100



### New Orders for Durable Goods \$ Billion - Seasonally Adjusted 1968-Mar2017 (Monthly)



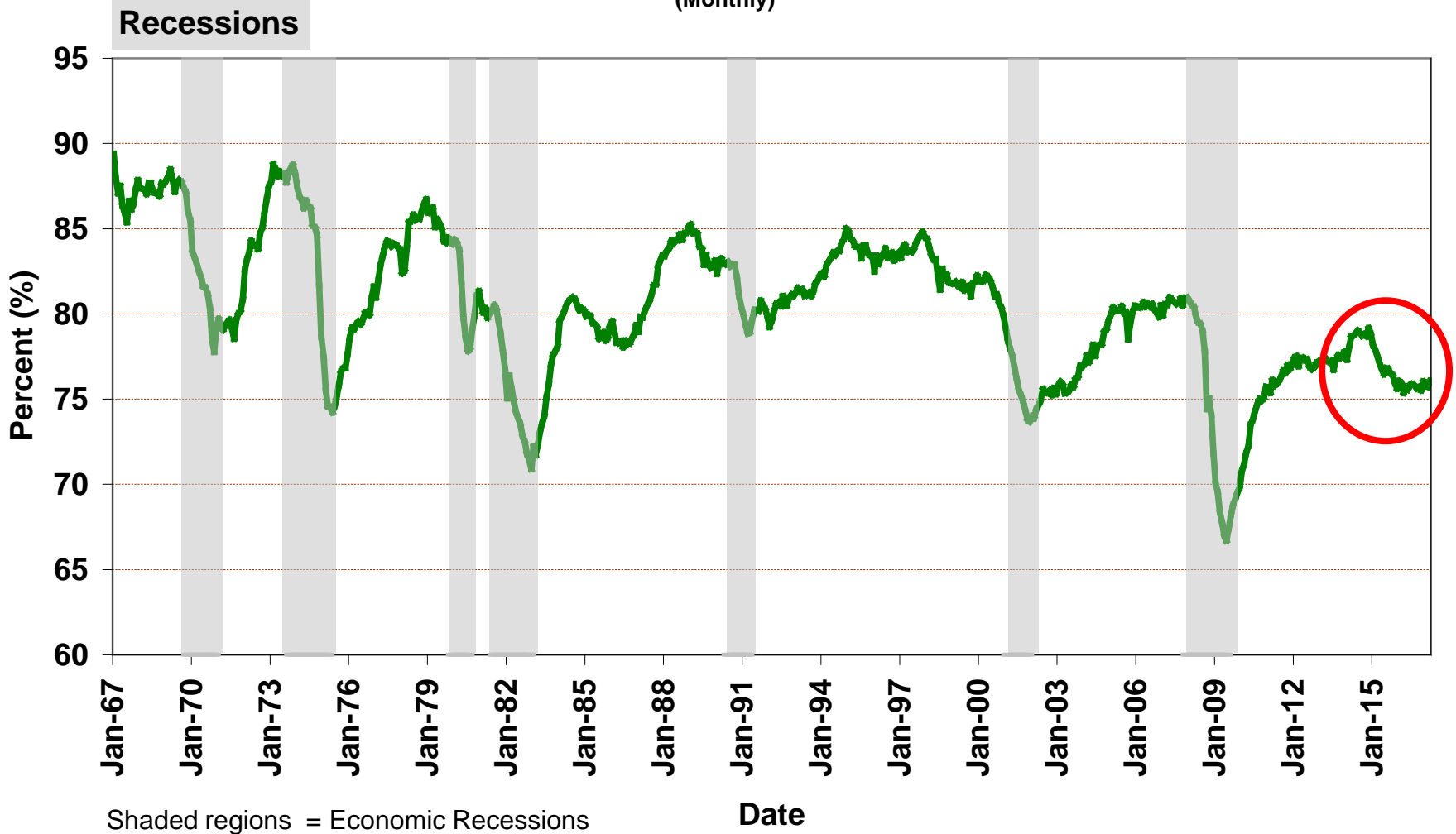
Shaded regions = Economic Recessions

Source: U.S. Census Bureau

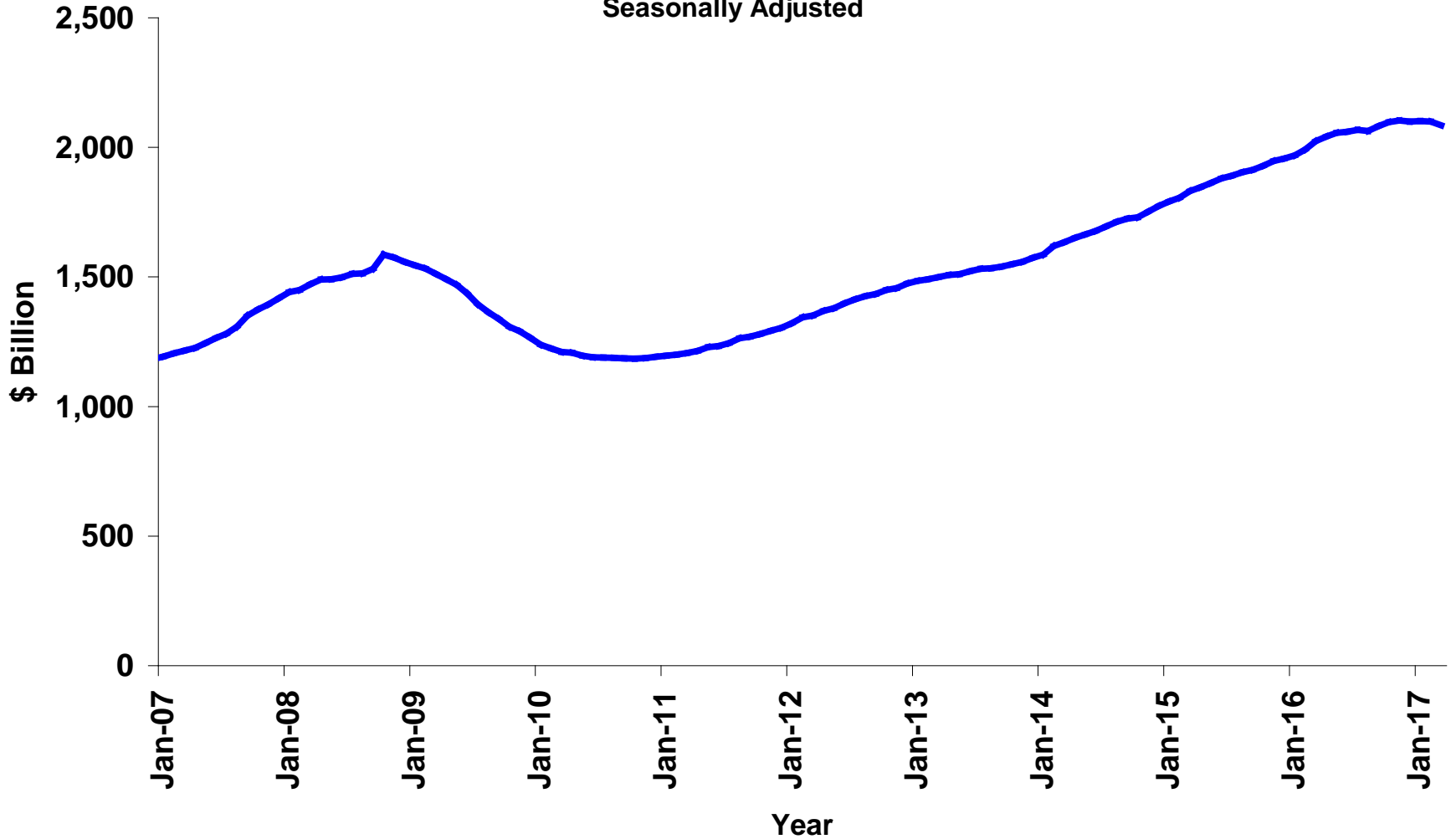


# Capacity Utilization: Total Industry 1967-Mar2017

(Monthly)



**Commercial and Industrial Loans by Commercial Banks  
United States  
2007-Mar2017 (Monthly)  
Seasonally Adjusted**

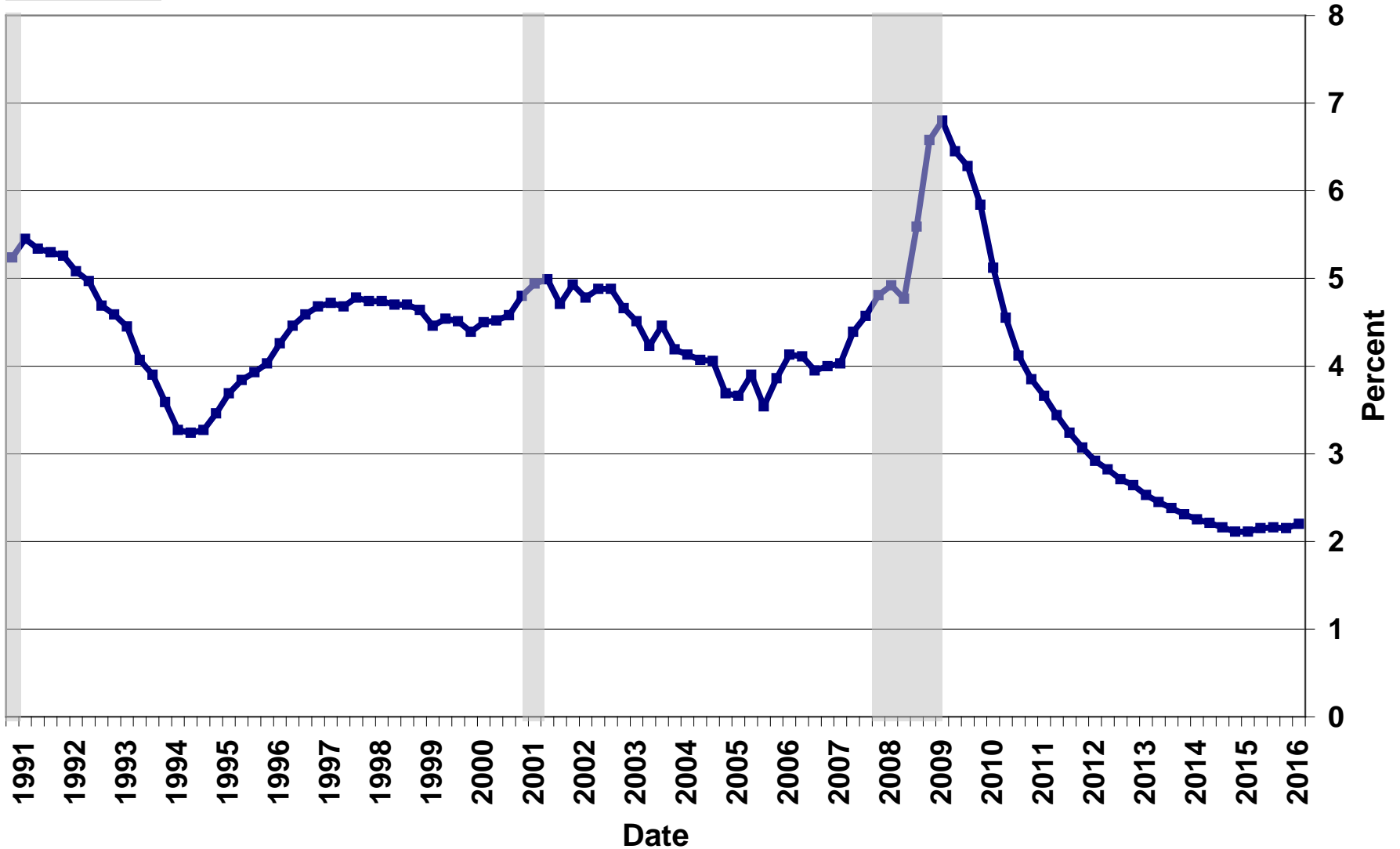


Source: Federal Reserve Bank of St. Louis



# U.S. Credit Card Delinquency Rate (All Banks) 1991-Jun2016 (Quarterly)

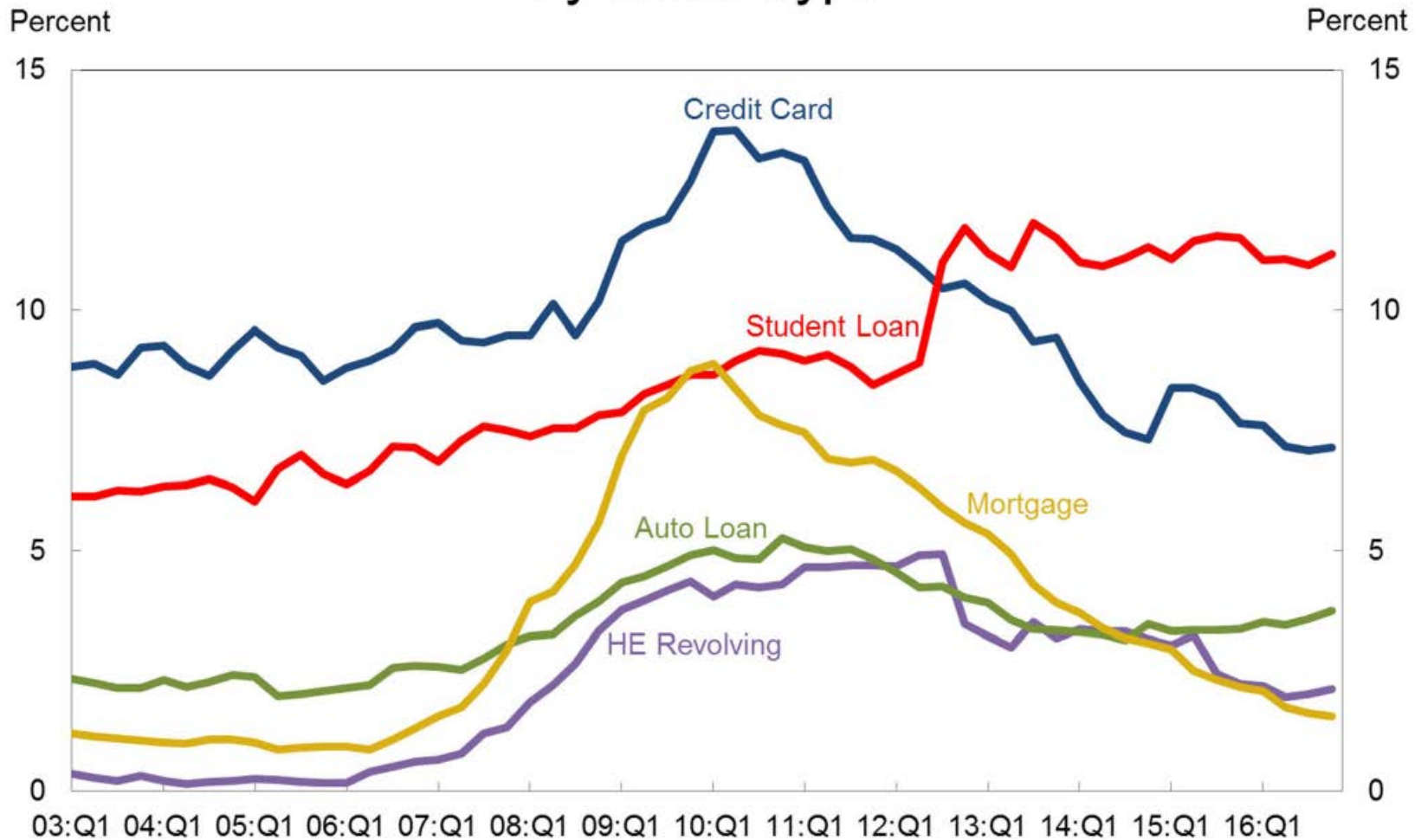
Recessions



Shaded regions = Economic Recessions  
Source: Federal Reserve



# Percent of Balance 90+ Days Delinquent by Loan Type

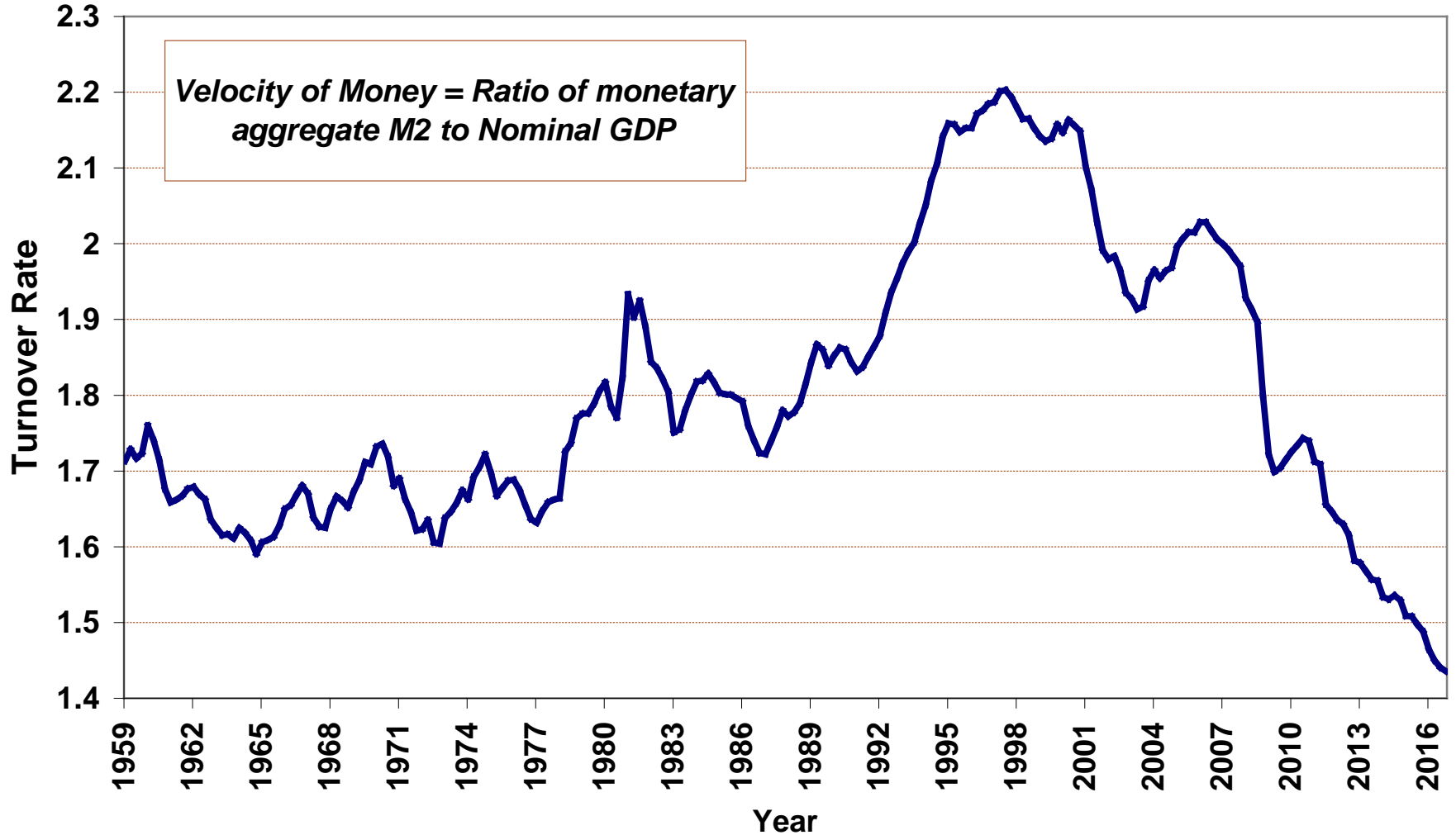


Source: FRBNY Consumer Credit Panel/Equifax



# Velocity of Money - M2 Money Supply

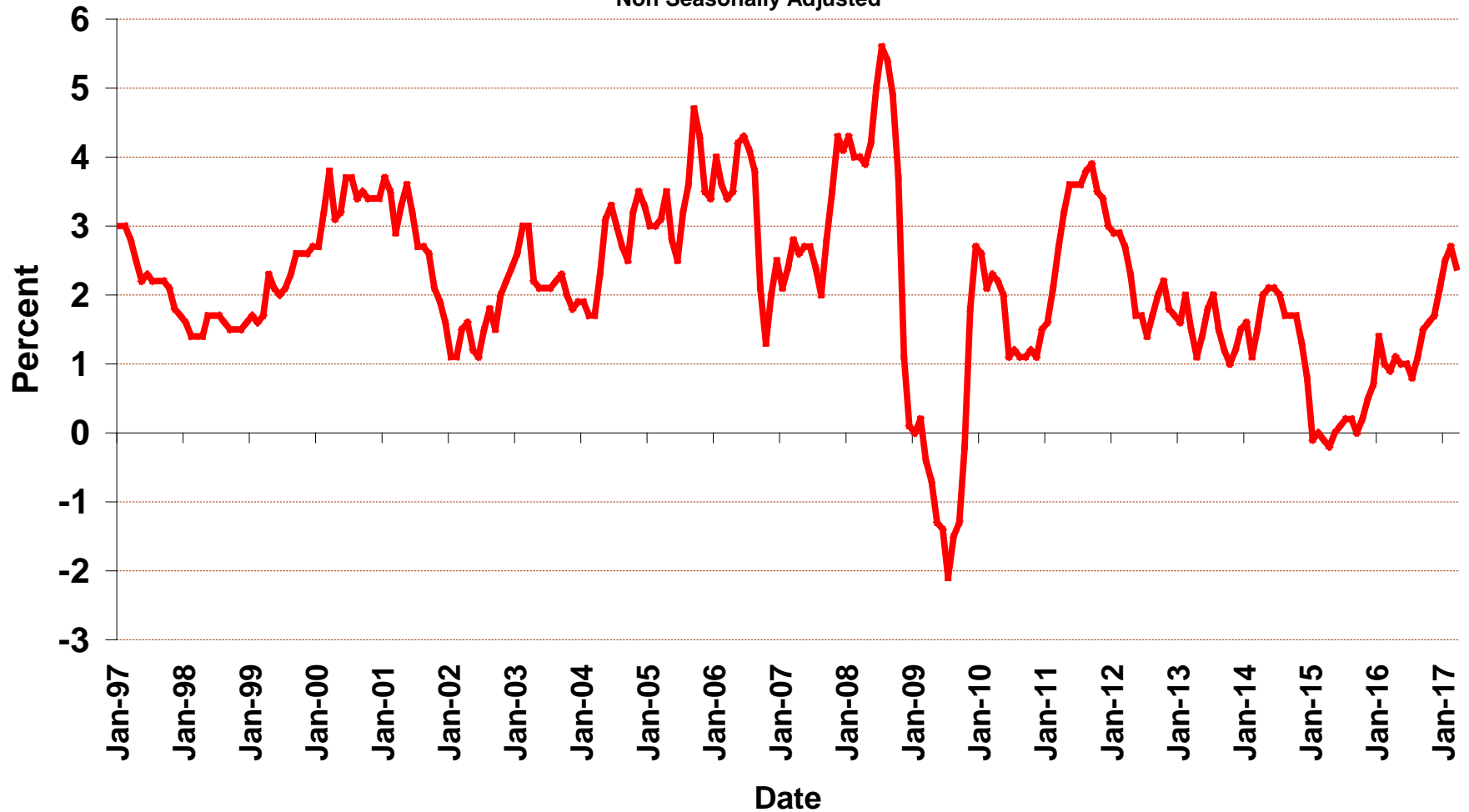
1959-Dec2016 (Quarterly)



*Velocity of Money = Ratio of monetary aggregate M2 to Nominal GDP*



## U.S. CPI Urban Consumers YoY % 1997-Mar2017 Non Seasonally Adjusted

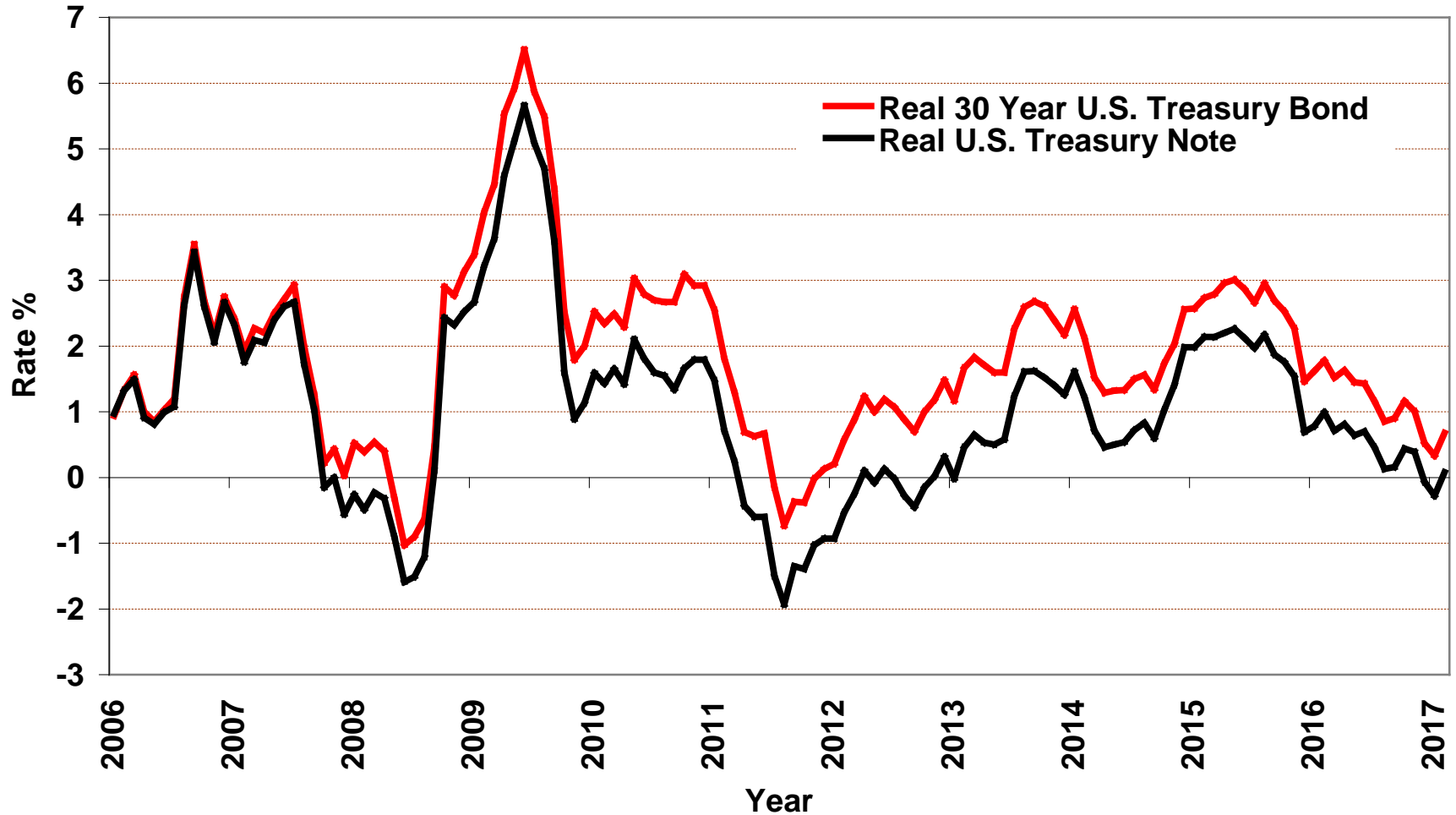


Source: Bloomberg





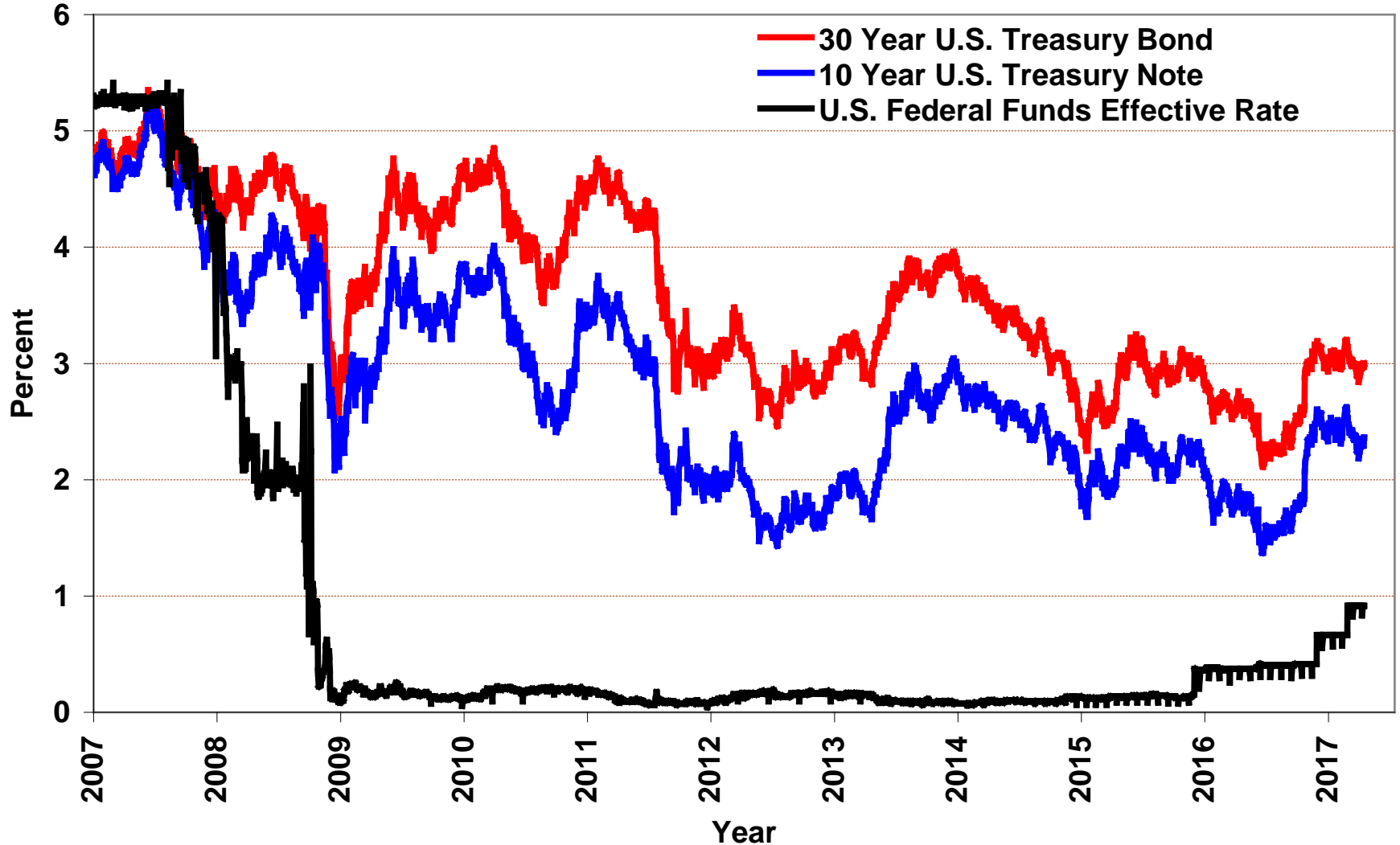
# Real 30 Year U.S. Treasury Bond Rate Real 10 Year U.S. Treasury Note Rate 2006-Mar2017 (Monthly)



Source: Bloomberg



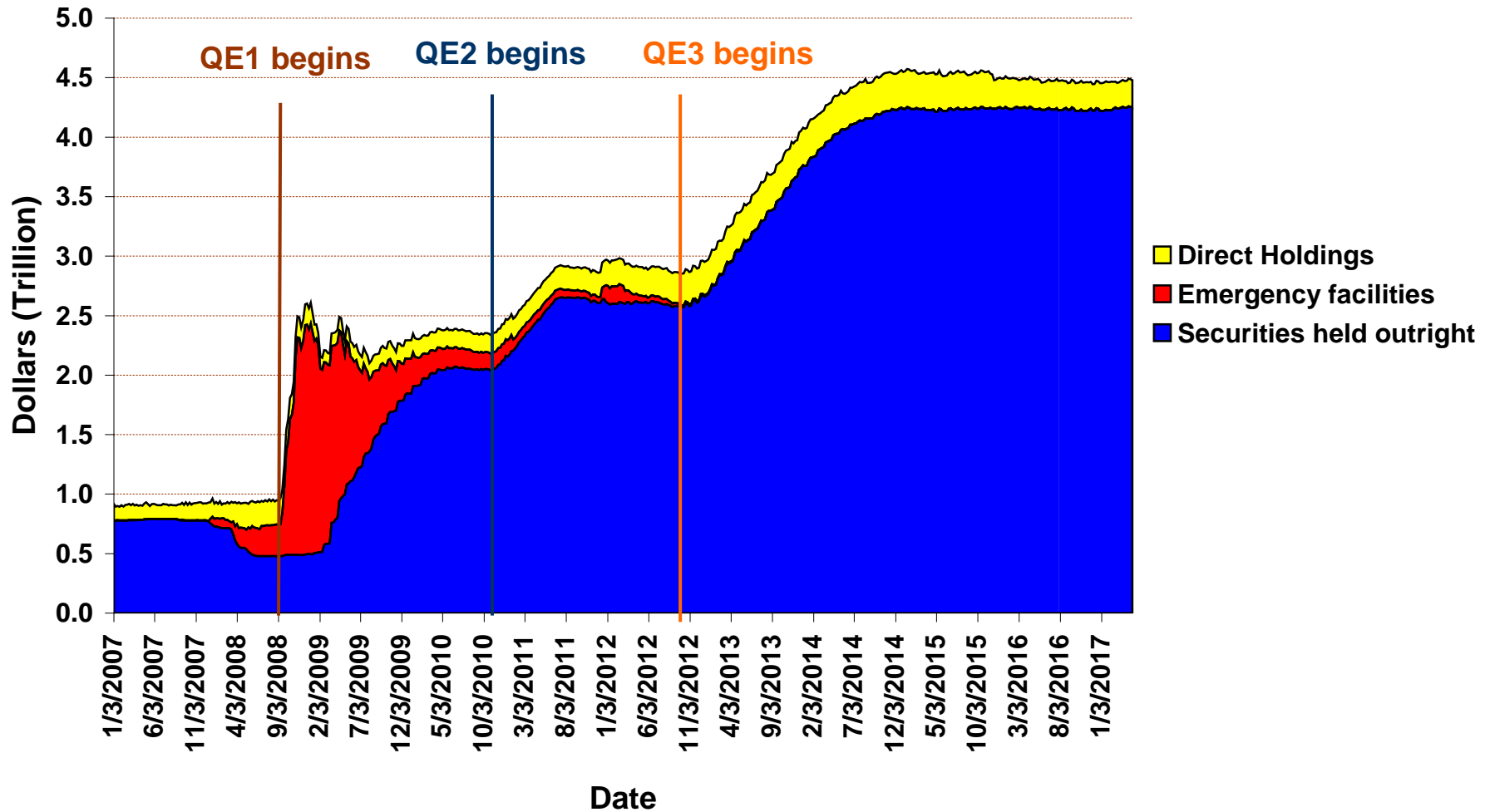
# Interest Rates 2007-May2017



Source: Bloomberg



## Assets on the Federal Reserve's Balance Sheet 2007-April2017



# Changing the rules: which rules, how much change?

## Political Promises

- Repeal Obamacare
- Roll back regulations
- Tax Cuts
  - Business
  - Personal
- Renegotiate trade deals
  - NAFTA
  - Trans-Pacific Partnership (TPP)
  - Relations with Germany and China

## Progress so far

- House approved repeal/replace bill
- House committee approved roll back of much of Dodd-Frank. House has killed some other regulations.
- No real movement on tax cuts
- TPP dead, administration appears to be backtracking on NAFTA re-write and big changes in trade relations with China and Germany.

So far change has been limited to reduced regulations. Movement on Legislation slow. Potential for big changes in trade relationships less than it appeared 3 months ago.

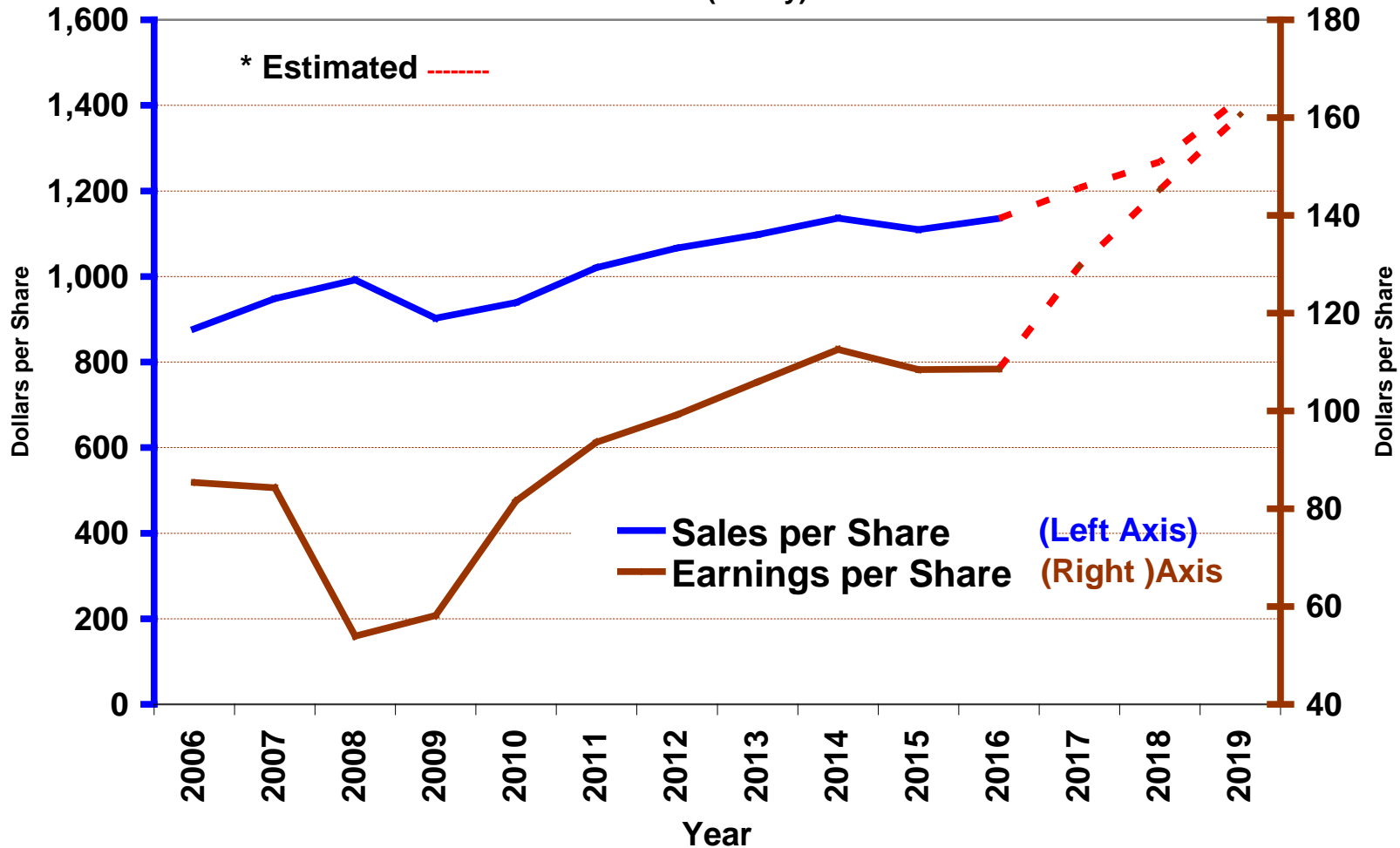


# S&P 500 Index

## Sales and Earnings per Share\*

### 2006-2019

(Yearly)

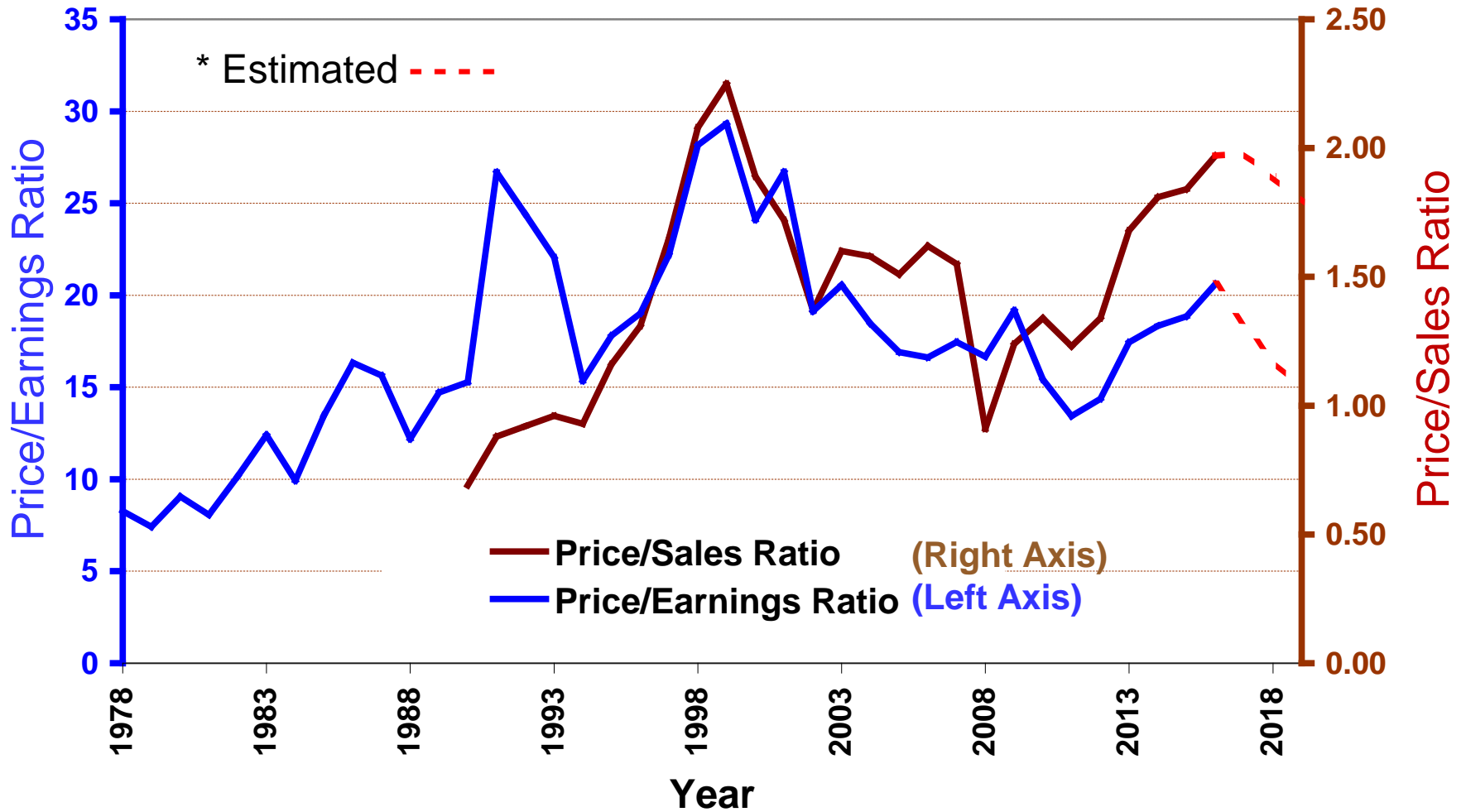


NOTE: The S&P 500 Index is a widely recognized, unmanaged index of common stock prices. You cannot invest directly in an index. Past performance of EPS growth is not an indicator of future earnings growth.

\* Source: Bloomberg: 2017-2019 forward estimates



# S&P 500 Index 1978-2019 (Yearly)



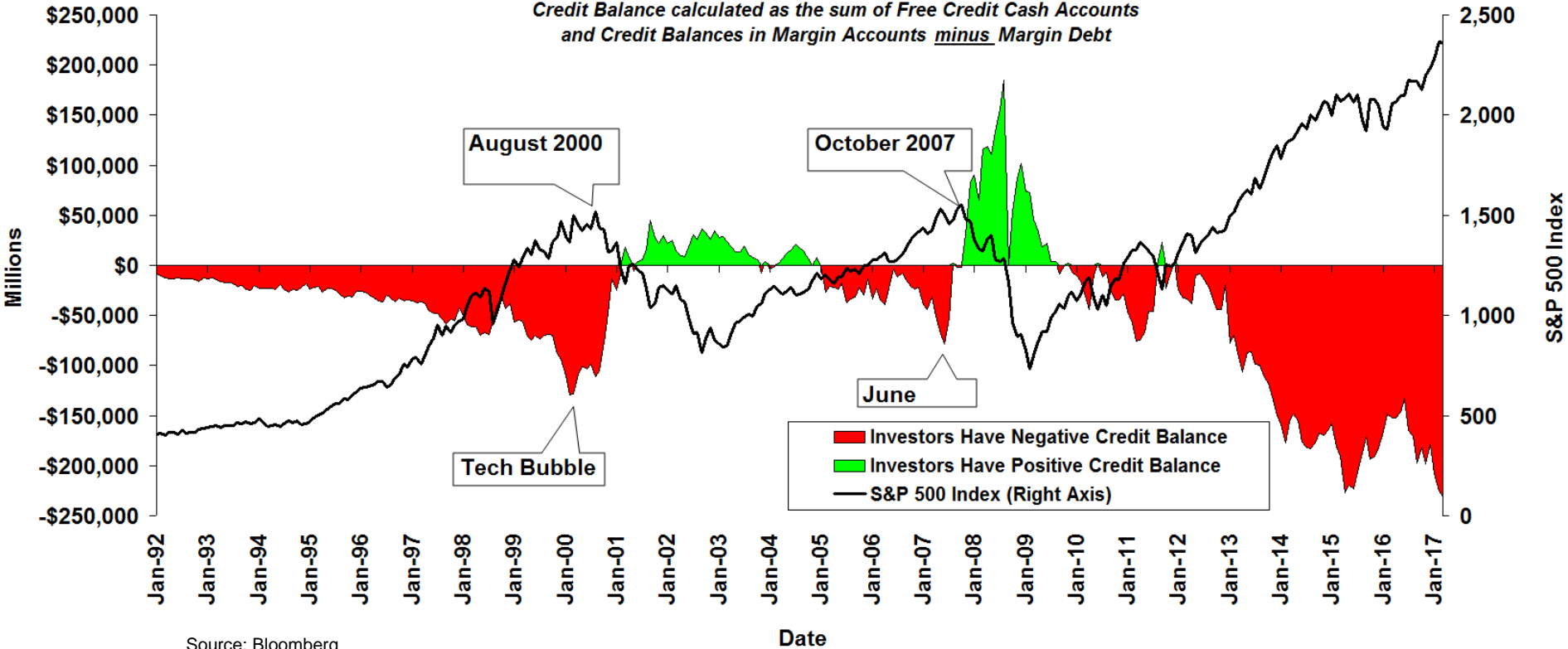
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\* Source: Bloomberg: 2017-2019 forward estimates



## NYSE Investor Credit vs. S&P 500 Index 1992-3/31/2017

*Credit Balance calculated as the sum of Free Credit Cash Accounts  
and Credit Balances in Margin Accounts minus Margin Debt*



Source: Bloomberg

NOTE: The S&P 500 Index is a widely recognized, unmanaged index of common stock prices. You cannot invest directly in an index.



## Questions and Responses

Click on the orange arrow in the upper right-hand corner of your screen to open the control panel where you may submit questions.

For some devices, look for the question mark at the top or bottom of your screen.

We will contact you if we did not have time to respond to your question during the event.



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*The comments made during this webcast are opinions and are not intended to be investment advice or a forecast of future events.*





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