MUHLENKAMP

QUARTERLY LETTER, JULY 2020

Fellow investors,

Since early March the economy has been driven by public reaction to the unfolding COVID-19 pandemic. It remains our observation that public perception and actions are in the lead, not government actions, though there is significant feedback between the two. In the United States, the virus hit the Northeast hardest in the early days and is now continuing to spread in the South and West. The restrictive measures most states put in place in mid-March began to be relaxed in early May. In late June we saw a reversal of that trend as rise in new case counts, particularly in Florida, Arizona, Texas, and California have prompted those and other states to re-impose restrictions. It isn't clear when the case count will peak in those areas and whether fatalities will follow the case count with a lag, or if fatalities will remain low as the infected population skews younger than we saw in the March through May period. It will take some time for that to become clear. What remains clear is that the virus is deadliest for the elderly and those with pre-existing conditions. It has also become quite clear that the behavior of the virus defies one-factor models and simple explanations. There are still very limited treatment options and while many companies are working on a vaccine, they are all still in the testing phase and success remains merely a possibility, not a certainty.

Even as the response to the virus by the individual states continues to shift the response by the Federal Government is now largely in place. The Treasury has sent money directly to many households, unemployment benefits have been increased, and a loan/grant program was created to help businesses remain viable even as their doors remain closed. The Federal Reserve did its part by buying government bonds, municipal bonds, mortgage backed securities, corporate bond ETFs, and even individual corporate bonds: ensuring that most businesses could borrow in the markets if they needed to. The government reaction from a monetary and fiscal perspective was huge, fast, and effective, at least so far. Proposals to extend the fiscal support have been floated but not approved as our legislators take a "wait and see" approach for the time being. Unsurprisingly some of the proposals have little to do with the impact of the virus and are thinly disguised attempts to throw money at politically favored groups. Some things don't appear to have changed at all. One risk is that the need for supportive measures from the government outlasts the supply of money and we begin to see problems manifest themselves as the support runs out in late July. Our base case is that additional support would be made available if needed. We see no indication from any element of government that they are concerned in the least about how much debt we are racking up or other long-term consequences. We don't expect that to change in the near term.

Businesses of all sizes and in all industries are trying to figure out how to best operate under the new circumstances. For online retailers and providers of streaming services the new conditions are nearly perfect, and they are growing rapidly. On the other hand, the inability to gather in groups is a disaster for professional sports, movie theaters, musicians, schools, and restaurants. We expect there will be a very difficult period of experimentation and adjustment as institutions try to adapt to the continually changing level of concern by their workers and customers and frequently changing government requirements. It is too early to say which changes will be temporary and which will turn out to be permanent. In the industries hit hardest by the pandemic it is also too early to say which companies will survive and which ones won't. Government aid programs and lender forbearance have given at risk companies much more time than is usually the case to try to make things work. We won't really start finding out who won't make it until they run out of resources and support in the next few months.

We expect the uncertainty about the behavior of the virus and uncertainty about how to deal with the virus to continue. We expect that uncertainty to be amplified by the media and others as political players seek to gain advantage in the upcoming election. Those uncertainties have been reflected in the market over the past several months and will likely continue to be. The unrest triggered by the death of George Floyd appears to have had little impact on the markets to date, but that could change. There is also the potential for "something else" to hit the fan between now and the election. The markets will also start to anticipate the outcome of the election at some point in the fall and because the stated economic policies of Biden are so different from Trump's the market may swing significantly if the odds of victory shift between them. In short, we expect significant market volatility at least through the election.

Over the last several months we have sold those of our holdings whose prospects we believe to be impaired by the virus: we sold our airline holdings, for example, as it looks like airline traffic will be impaired for years, not months. We held on to other economically sensitive companies if we believed they were likely to do as well going forward as they have in the past: a good example is our holdings in homebuilders, whose business appears to be rebounding quite nicely after tanking in March through May. We continue to hold gold as a hedge against errors by central banks and several of our technology companies are setting new highs as they benefit from current circumstances. We continue to look for good investments without being in a hurry to invest our cash. We think patience is appropriate right now.

With our best wishes for your continued success and good health!

Ron Muhlenkamp, Founder
Muhlenkamp & Company, Inc.

Jeff Muhlenkamp, Portfolio Manager
Muhlenkamp & Company, Inc.

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

MUHLENKAMPSMA ALL-CAP VALUE

For the period ended 06/30/2020

Muhlenkamp & Company's All-Cap Value SMA (Separately Managed Account) is designed for investors' accounts over $100,000. We employ full discretion, applying fundamental analysis.

INVESTMENT OBJECTIVE

We seek to maximize total after-tax return through capital appreciation, and income from dividends and interest, consistent with reasonable risk.

INVESTMENT STRATEGY

We invest in undervalued assets wherever they may be found. Typically, this results in holding a portfolio of companies we believe are materially undervalued by the market. Bonds may be included in the portfolio if they are a good investment.

INVESTMENT PROCESS

We start with a bottom-up scan of domestic companies, typically looking at most U.S. companies at least four times per year. We add to that an understanding of the sector dynamics in which companies are operating, an assessment of the business cycle, and a review of macroeconomic conditions.

Our primary screening metric is return on shareholder equity (ROE). We are looking for companies with stable returns that can be purchased cheaply, or for companies with improving returns that have not yet been recognized by the market.

We don't believe that a holding period of "forever" is appropriate in all cases, but are comfortable holding companies as long as they continue to meet expectations.

INVESTMENT RISK

We define investment risk as the probability of losing purchasing power over long periods of time, which is quite different from Wall Street's definition of price volatility in very short periods of time. Taxes, inflation, and spending will ALL impact the purchasing power of your assets.

MUHLENKAMP

ALL-CAP VALUE COMPOSITE PERFORMANCE (NET OF FEES)

	Year to Date	One Year	Annualized Past 3 Years	Past 5 Years	Past 10 Years	Past 15 Years
Return	-7.52%	-1.50%	-0.15%	-0.87	5.26%	1.47%
S&P 500 Total Return*	-3.08%	7.51%	10.73%	10.73%	13.99%	8.83%
Consumer Price Index**	-0.23%	0.12%	1.56%	1.52%	1.63%	1.86%

*** The S&P 500 is a widely recognized, unmanaged index of common stock prices. The figures for the S&P 500 reflect all dividends reinvested but do not reflect any deductions for fees, expenses, or taxes. One cannot invest directly in an index.**

** Consumer Price Index (CPI) – As of May 2020 – U.S. CPI Urban Consumers NSA (Non-Seasonally Adjusted), Index. The Consumer Price Index tracks the prices paid by urban consumers for goods and services and is generally accepted as a measure of price inflation. Price inflation affects consumers' purchasing power.

Consolidated performance with dividends and other earnings reinvested. Performance figures reflect the deduction of broker commission expenses and the deduction of investment advisory fees. Such fees are described in Part II of the adviser's Form ADV. The advisory fees and any other expenses incurred in the management of the investment advisory account will reduce the client's return. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the above accounts. A list of all security recommendations made within the past twelve months is available upon request.

TOP TWENTY HOLDINGS

Company	Industry	% of Net Asset
Microsoft Corporation	Software	8.43%
Apple Computer Inc.	Technology Hardware, Storage & Peripherals	7.51%
Microchip Technology Inc.	Semiconductors & Semiconductor Equipment	4.32%
Dow Inc.	Chemicals	4.06%
SPDR Gold Shares	Exchange Traded Funds	3.87%
Gilead Sciences, Inc.	Biotechnology	3.58%
McKesson Corporation	Health Care Providers & Services	3.46%
Meritage Homes Corporation	Household Durables	3.46%
Broadcom Inc.	Semiconductors & Semiconductor Equipment	3.28%
UnitedHealth Group Inc.	Health Care Providers & Services	3.15%
Lennar Corp Class A	Household Durables	3.11%
CVS Health Corp.	Health Care Providers & Services	3.09%
Bristol-Myers Squibb Company	Pharmaceuticals	3.05%
Alerian MLP ETF	Exchange Traded Funds	2.85%
Lockheed Martin Corp.	Aerospace & Defense	2.82%
Cameco Corporation	Oil, Gas, & Consumable Fuels	2.78%
Berkshire Hathaway Class B	Diversified Financial Services	2.66%
Mastec Inc.	Construction & Engineering	2.58%
Alliance Data Systems Corp.	IT Services	2.48%
NMI Holdings	Thrifts & Mortgage Finance	2.33%

Composite holdings are subject to change and are not recommendations to buy or sell any security.

Composite Top Twenty Holdings are presented as supplemental information to the fully compliant presentation on the next page.

Return on Equity (ROE) is a company's net income (earnings), divided by the owner's equity in the business (book value).

PORTFOLIO MANAGER

Jeffrey P. Muhlenkamp, Portfolio Manager, CFA, has been active in professional investment management since 2008. He is a graduate of both the United States Military Academy and Chapman University.

SMA FACTS

Average Number of Equity Holdings	28
Cash & Cash Equivalents	14.90%
Portfolio Turnover	33.03%‡

‡ *Trailing 12 months*

SMA Facts are presented as supplemental information.

SMA INFORMATION

The All-Cap Value Composite was created in December 2003 and includes fee-paying accounts over $100,000, full discretion, under management for at least one full quarter which are invested in the All-Cap Value strategy. The composite excludes the Muhlenkamp Fund and any wrap fee account.

Minimum Initial Investment	$100,000.00
Management Fee*	1% (first $1 million); 0.5% on the remainder

** May vary by account.*

INVESTMENT ADVISER

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Muhlenkamp & Company serves individual and institutional investors through our no-load mutual fund and separately managed accounts.

MUHLENKAMP & COMPANY, INC. ALL-CAP VALUE COMPOSITE ANNUAL DISCLOSURE PRESENTATION

				ANNUAL PERFORMANCE			THREE-YEAR ANNUALIZED STANDARD DEVIATION*		
Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts	Composite Gross	Composite Net	S&P 500 Total Return Index	Composite	S&P 500 Total Return Index	Composite Dispersion**
2019	253	34	48	14.70	13.78	31.49	10.33	12.10	1.37
2018	254	32	51	(11.71)	(12.45)	(4.38)	9.24	10.80	1.21
2017	342	40	52	15.24	14.30	21.83	8.70	9.92	2.12
2016	339	39	52	(1.86)	(2.68)	11.96	9.73	10.59	1.17
2015	422	48	67	(4.66)	(5.45)	1.38	10.41	10.47	0.68
2014	541	51	67	10.27	9.37	13.69	9.55	8.97	2.06
2013	585	50	60	35.50	34.39	32.39	11.29	11.94	3.13
2012	491	41	66	11.29	10.34	16.00	12.02	15.09	1.14
2011	555	45	74	(2.84)	(3.67)	2.11	16.60	18.70	0.85
2010	724	59	82	2.96	2.15	15.06			1.45
2009	839	90	107	32.68	31.72	26.46			2.80
2008	759	112	155	(40.53)	(40.94)	(37.00)			1.97
2007	1886	327	289	(7.61)	(8.19)	5.49			3.77
2006	3393	371	337	6.09	5.34	15.79			3.70
2005	3471	287	289	10.04	9.22	4.91			3.38

The objective of this All-Cap Value Composite is to maximize total after-tax return, consistent with reasonable risk—using a strategy of investing in highly profitable companies, as measured by Return on Equity (ROE), that sell at value prices, as measured by Price-to-Earnings Ratios (P/E).

Muhlenkamp & Company, Inc. ("Muhlenkamp") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Muhlenkamp has been independently verified for the periods December 31, 1993 through June 30, 2016 by Ashland Partners & Company LLP and for the periods July 1, 2016 through December 31, 2019 by ACA Performance Services.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The All-Cap Value Composite has been examined for the periods December 31, 1993 through December 31, 2019. The verification and performance examination reports are available upon request.

Muhlenkamp is an independent registered investment advisory firm registered with the Securities and Exchange Commission. The firm's list of composite descriptions is available upon request.

Returns are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite may invest in American Depositary Receipts (ADRs).*** Accounts may be shown gross or net of withholding tax on foreign dividends based on the custodian. Past performance is not indicative of future results.

The U.S. dollar is the currency used to express performance. Returns are expressed as percentages and are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. The annual Composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the Composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

* **Three-Year Annualized Standard Deviation** *is a measure of volatility, calculated by taking the standard deviation of 36 monthly returns, then multiplying the result by the square root of 12 to annualize it. Since standard deviation measures the dispersion of a set of numbers from its mean, higher results indicate more variation in monthly returns over the trailing three years.*

** **Composite Dispersion** *is a measure of the similarity of returns among accounts in the Composite. It is the standard deviation of the annual returns for all accounts which were in the Composite for the entire year.*

*** **American Depositary Receipts (ADRs)** *are shares that trade in U.S. markets, but represent shares of a foreign company. A bank (the depository) purchases a number of the foreign shares and holds them in a trust or similar account; in turn, the bank issues shares tradable in the U.S. that represent an interest in the foreign company. The ratio of ADRs to foreign shares is set by the bank. ADRs do not mitigate currency risk, but can reduce transaction costs and simplify trading compared to buying the local shares in the foreign markets.*