QUARTERLY LETTER, OCTOBER 2020

Fellow Investors,

Economic activity in the U.S. and around the world continues to be driven by the spread of the COVID-19 virus and reactions to it. We said that in July and it remains true, if perhaps a little too obvious to be worth stating. What is not obvious to us is what factors account for the differences in the severity of the virus in different places, which mitigation measures are effective in coping with the pandemic, and what actions have mattered little to the progression of the disease. No matter how much time we spend researching the subject we remain uncertain that we really understand why the virus is behaving the way it is. Our current assessment is that the virus has largely burned itself out in the U.S. and Europe, is well controlled in Asia, and that extreme lockdown measures did more economic harm than virus-control good. We hold these conclusions lightly and are ready to change them if new evidence or analysis suggest we should.

Early in the year the range of responses by governments to the virus was extremely wide: everything from do nothing to restrict everyone to their homes. It is our observation that the range of responses has narrowed a little bit since then, with the most restrictive measures falling out of favor and more moderate or targeted measures being employed in the late summer, early fall.

Thus, we believe things are getting better from: the virus is receding and the reactions to the virus are less economically damaging. From an investment point of view there remain two important and interrelated questions that we don't have answers for yet:

1. How much economic damage was done that we don't know about yet?

2. Which changes in how we work, play, vacation, educate, eat, etc. will be temporary, and which will prove longer lasting?

With regard to the first question, we still don't really know how many businesses will never reopen. Government restrictions are quite impactful to many businesses and we don't know when they'll end. How long consumer aversion will last is probably unknowable. So whether we look at restaurants, airlines, hairdressers, or other businesses we don't know how long their revenues will remain depressed. Many businesses are surviving on government loans or grants. While we know the extent of the existing assistance, we don't know if more will become available in the future. So we really don't have any idea how many businesses will ultimately fail. Business failures have a direct impact on unemployment, commercial loans, and commercial real estate values to name just a few things that are top of mind. Loans and real estate are assets, so we don't know the magnitude of the losses that are coming, or who, exactly, will bear them. It's our observation that the share prices of bank stocks have gone up very little from their March lows—we're not surprised. Listening to the big banks during their earnings calls and speaking to smaller bank CEOs on several occasions, it is clear the banks have little idea which of the loans on their books are still good, and which will end up defaulting.

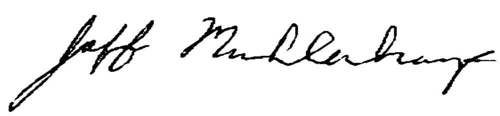
Regarding the second question, there have been some huge changes in the workplace, education, recreation, etc. How many of these changes are permanent? How much business travel never comes back, impacting airlines, hotels, taxis, etc. on a permanent basis? How many workers continue working from home, reducing the demand for office space and putting downward pressure on real estate values? There appears to be a significant movement of people out of cities and into the suburbs, how long does that continue and what does the total impact look like? How many workers decide to stay home to help the kids with school and how does that affect the work force? We don't know the answers to any of these questions yet and it will take time to start to understand what the long-term effects are. This results in more uncertainty regarding the future of many businesses and industries than we had at the beginning of the year.

So, a lot of uncertainty still around the short-term and long-term impact of the virus, some of which we think is priced into the market, some of which is not.

Also of interest this quarter was the announcement by the Federal Reserve that they would begin targeting average inflation, not "spot" inflation. What does this mean? It means that if inflation has been below their target of 2% for a period of time, which it has, the Federal Reserve will now allow inflation to run above 2% for a period of time before they take action to reduce it. It remains to be seen whether this change in attitude by the Federal Reserve actually matters or not since the Fed has been unable to generate the inflation they sought the last ten years or so. Inflation as measured by the U.S. Consumer Price Index (urban) in August was 1.31%. Interestingly, that rate is almost twice the current yield on the 10-Year U.S. Treasury, which was .66% on 9/29/2020. So the holder of a 10-Year Treasury is losing purchasing power due to inflation at twice the rate he is growing his wealth via receipt of interest. The longer that situation persists, the more the bondholder loses ground, which is why we remain uninterested in being long-term bondholders and are skeptical of owning companies that have large holdings of long-duration bonds (examples are banks and insurance companies).

The portfolio is tilted towards economic recovery consistent with our view that the economy is improving. Some of our long-term holdings are trading at a premium to our assessment of their value and so we have reduced our position size in those companies. We've put some cash to work and are happy to hold on to the rest until we find attractive opportunities to employ it; we're not in a hurry. We also continue to hold a position in gold, which we view as a hedge.

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



Ron Muhlenkamp, Founder
Muhlenkamp & Company, Inc.

Jeff Muhlenkamp, Portfolio Manager
Muhlenkamp & Company, Inc.

P.S. Jeff here. I just finished reading "Thinking in Bets: Making Smarter Decisions When You Don't Have All the Facts" by Annie Duke. Making decisions without all the facts is essentially my job description and I am always looking for ways to improve. Mrs. Duke does a great job laying out the problem, what she learned as she tried to improve her decision-making process as a professional poker player, and how the rest of us can improve our thinking as well. I highly recommend the book if you have an interest in decision making and will add this one to my recommended reading list.

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

Muhlenkamp & Company, Inc.
5000 Stonewood Drive • Suite 300
Wexford, PA 15090

877-935-5520
www.muhlenkamp.com

MUHLENKAMPSMA ALL-CAP VALUE

For the period ended 09/30/2020

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	-1.02%	5.10%	0.65%	2.42%	5.66%	1.65%
S&P 500 Total Return*	5.57%	15.15%	12.28%	14.14%	13.74%	9.19%
Consumer Price Index**	1.15%	1.31%	1.92%	1.75%	1.76%	1.89%

*** 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 August 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
Meritage Homes Corporation	Household Durables	4.70%
Dow Inc.	Chemicals	4.38%
Apple Computer Inc.	Technology Hardware, Storage & Peripherals	3.97%
Microchip Technology Inc.	Semiconductors & Semiconductor Equipment	3.96%
Microsoft Corporation	Software	3.88%
Lennar Corp Class A	Household Durables	3.87%
SPDR Gold Shares	Exchange Traded Funds	3.84%
Broadcom Inc.	Semiconductors & Semiconductor Equipment	3.56%
McKesson Corporation	Health Care Providers & Services	3.17%
UnitedHealth Group Inc.	Health Care Providers & Services	3.13%
Mastec Inc.	Construction & Engineering	3.00%
Berkshire Hathaway Class B	Diversified Financial Services	2.99%
Bristol-Myers Squibb Company	Pharmaceuticals	2.94%
Jazz Pharmaceuticals PLC	Pharmaceuticals	2.79%
Lockheed Martin Corp.	Aerospace & Defense	2.79%
Gilead Sciences, Inc.	Biotechnology	2.75%
CVS Health Corp.	Health Care Providers & Services	2.62%
Cameco Corporation	Oil, Gas, & Consumable Fuels	2.56%
NMI Holdings	Thrifts & Mortgage Finance	2.45%
Alliance Data Systems Corp.	IT Services	2.18%

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	29
Cash & Cash Equivalents	21.11%
Portfolio Turnover	35.15%‡

‡ 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

Muhlenkamp & Company, Inc.
5000 Stonewood Drive, Suite 300
Wexford, PA 15090-8395
(877)935-5520
services@muhlenkamp.com

www.muhlenkamp.com

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 June 30, 2020 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 June 30, 2020. 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.*