

RON MUHLENKAMP

Founder Muhlenkamp & Company, Inc.



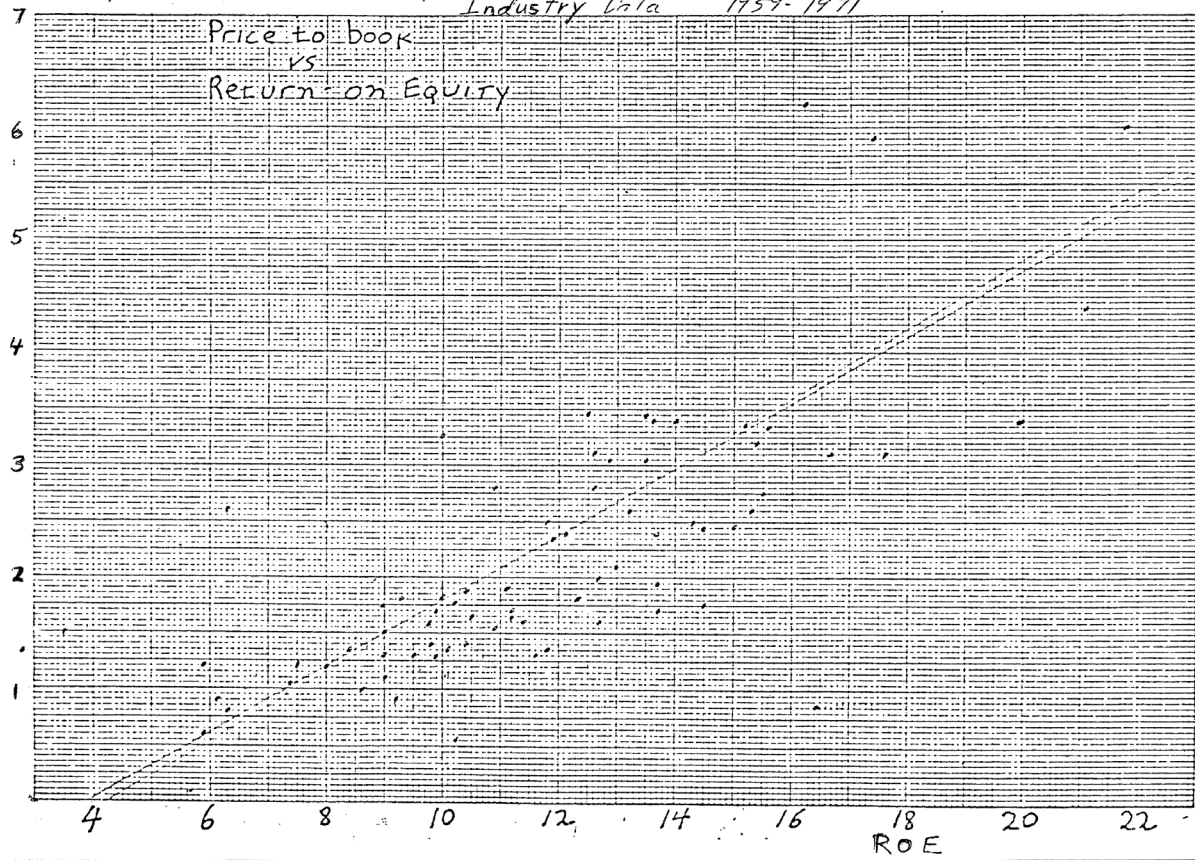
2/16/2022 Presentation



P/B

Graph 1
Industry Data 1959-1971

Price to book
vs.
Return on Equity

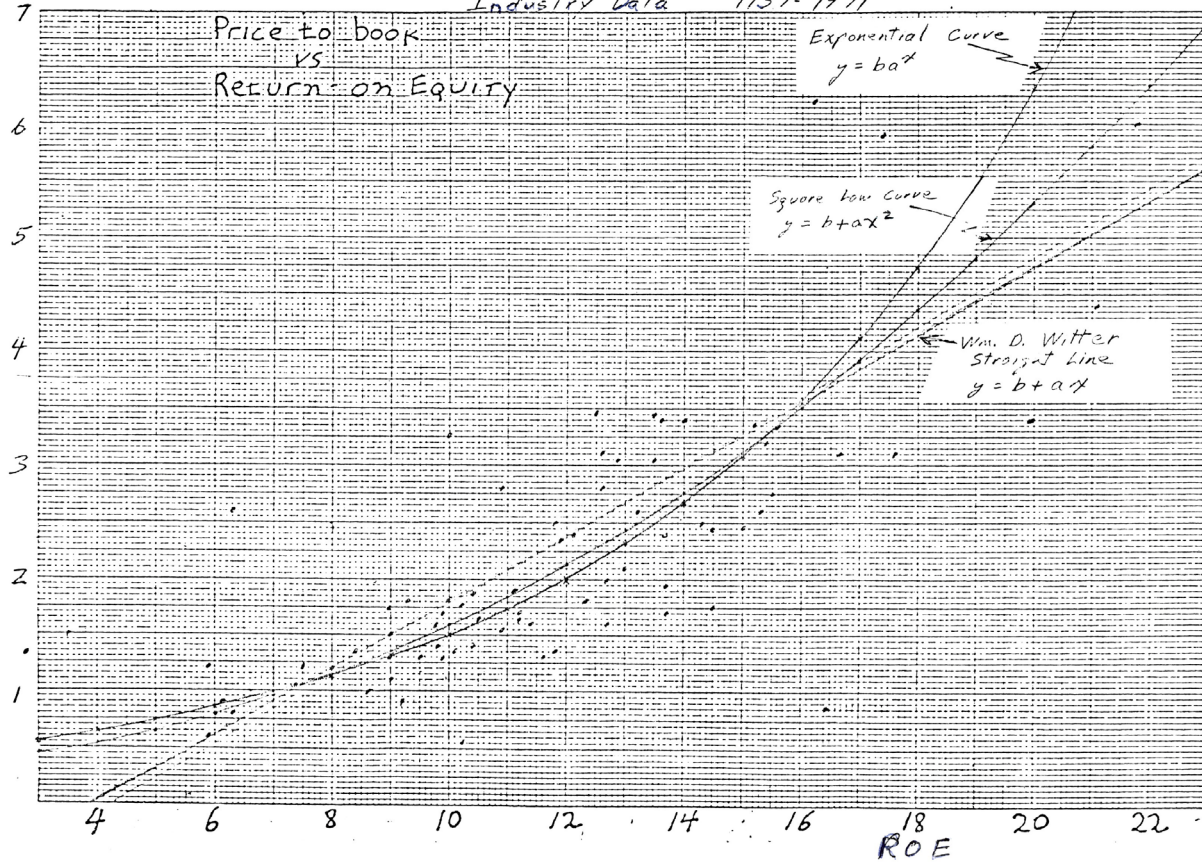


A Structure for Evaluating Common Stocks – Graph 1

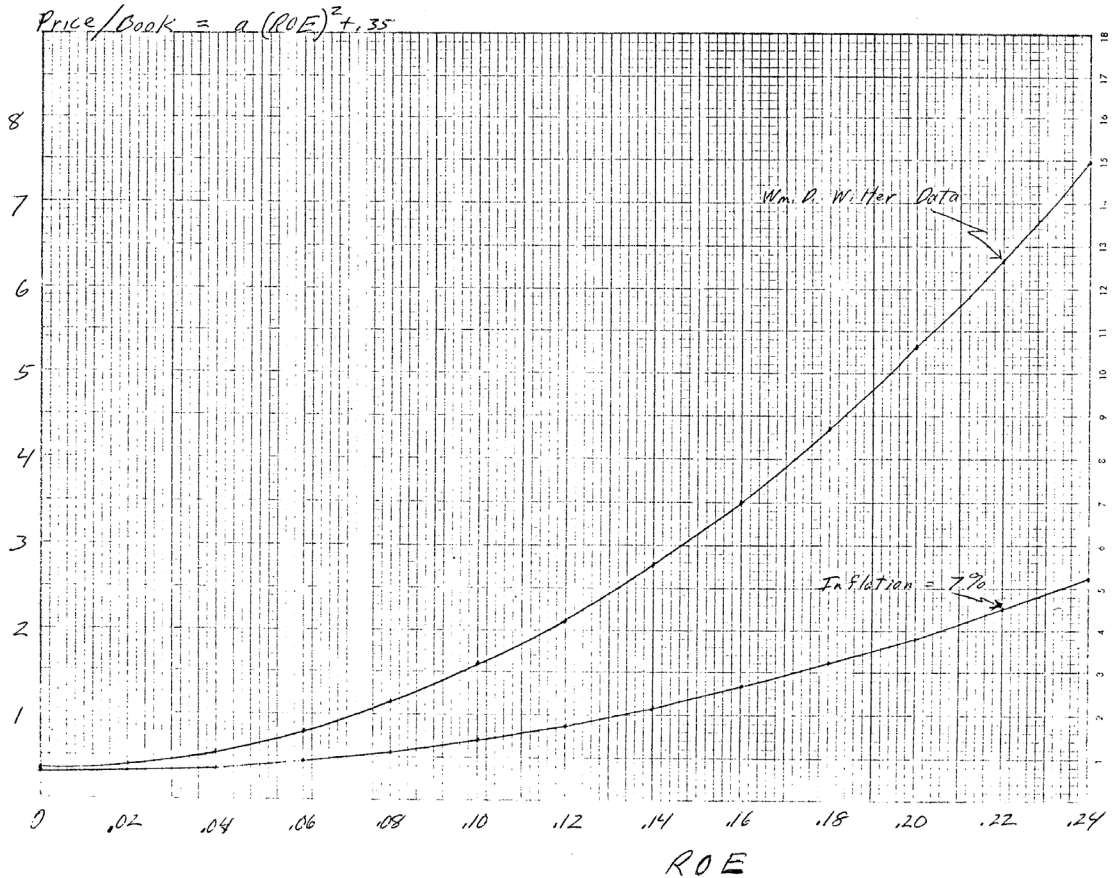
P/B

Graph 2
Industry Data 1959-1971

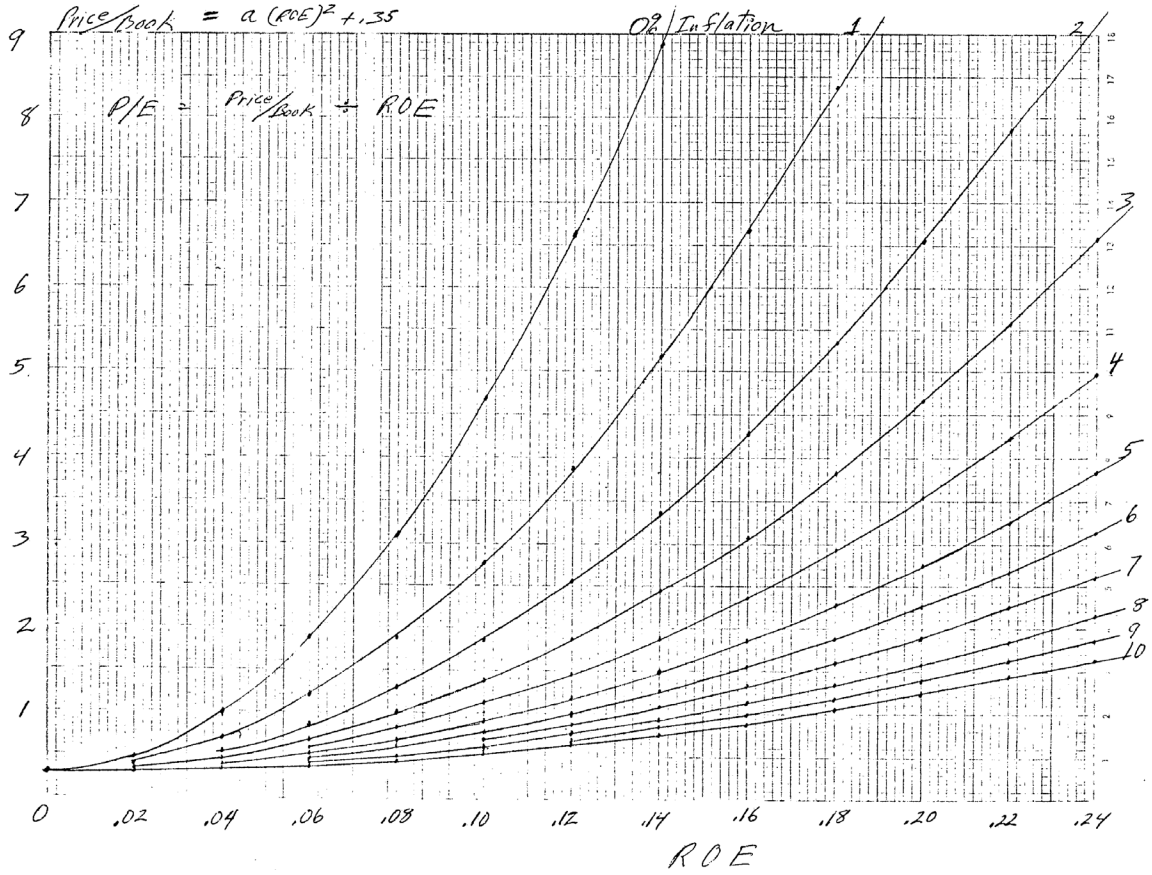
Price to book
vs
Return on Equity



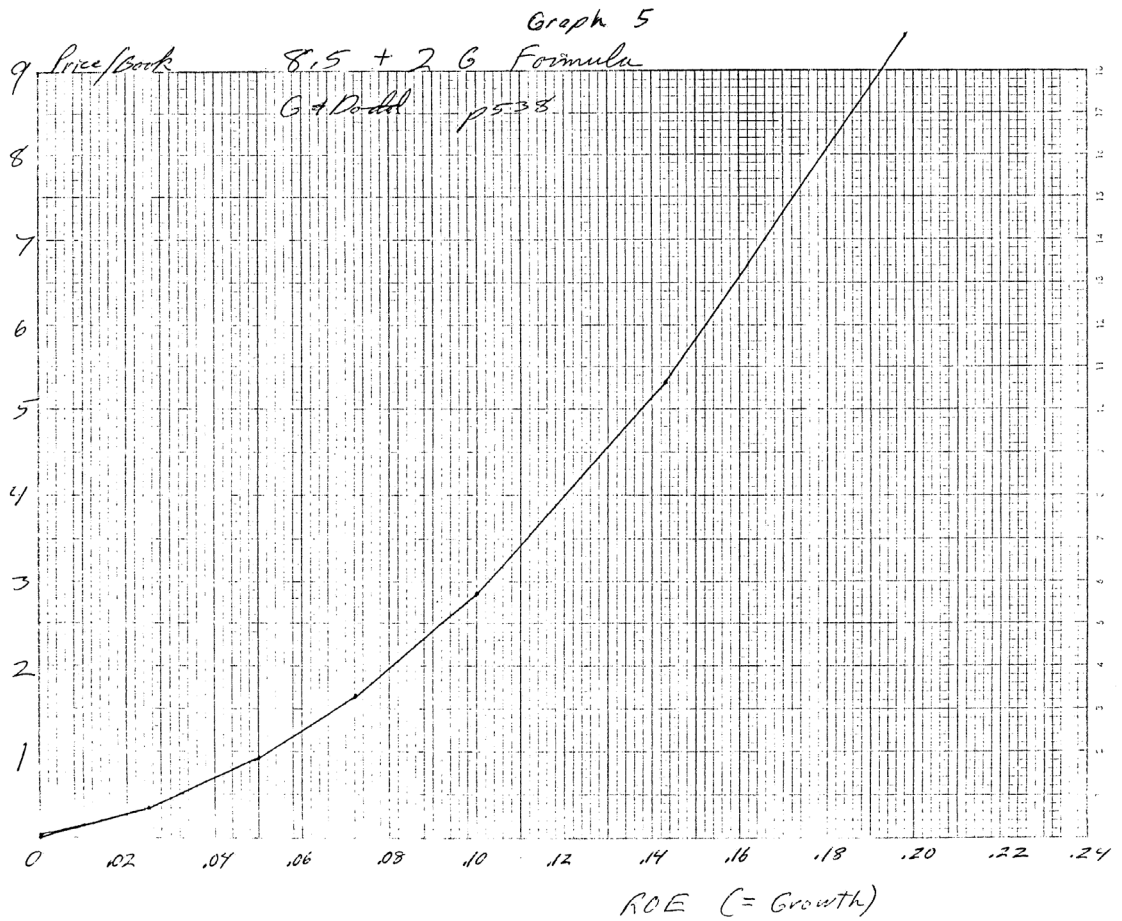
Graph 3



Graph 4



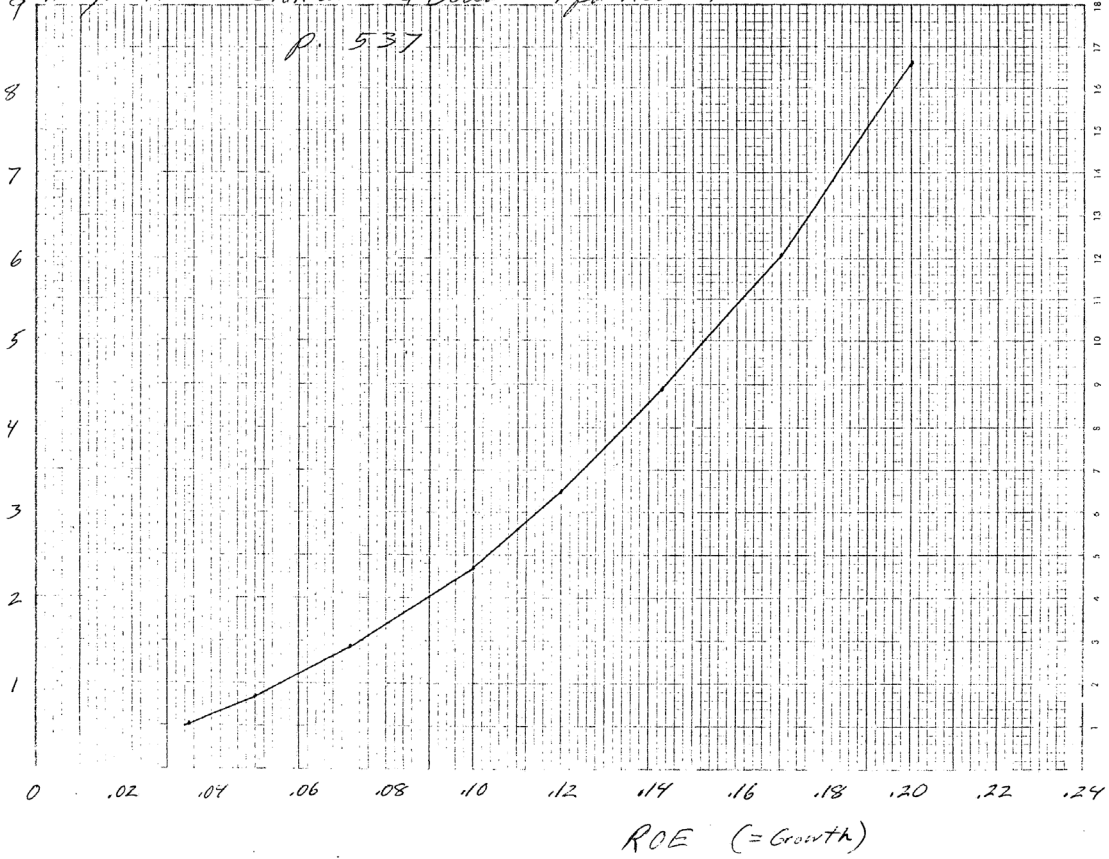
A Structure for Evaluating Common Stocks – Graph 4



Graph 6

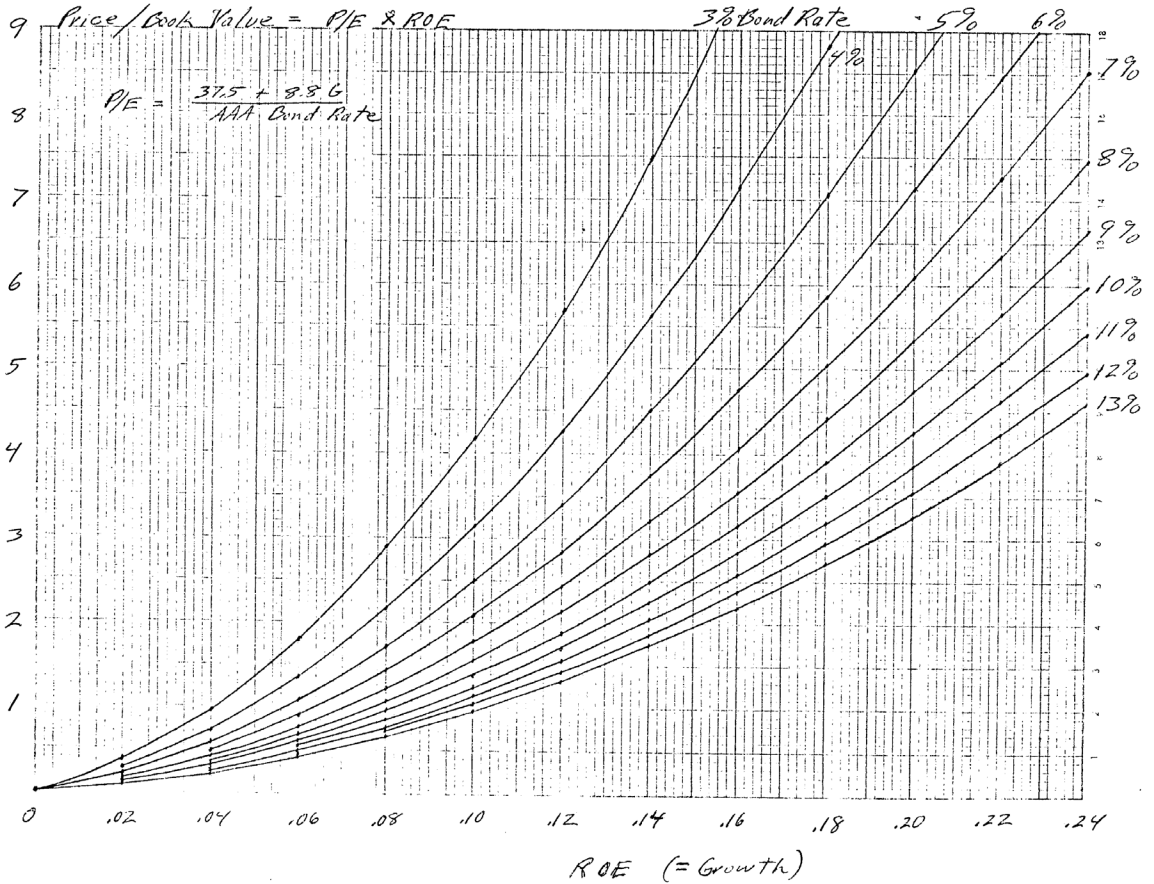
Price/Book Graham & Dodd "P/E Method"

p. 537



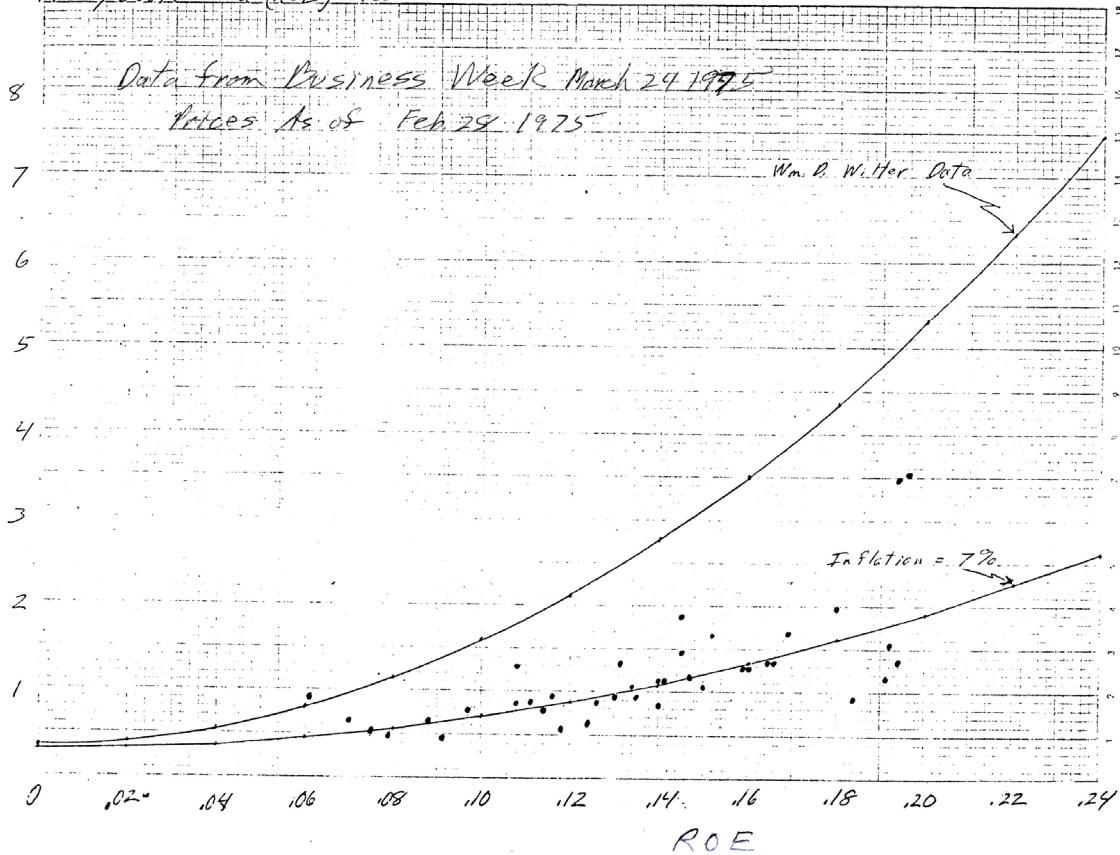
A Structure for Evaluating Common Stocks – Graph 6

Graph 7

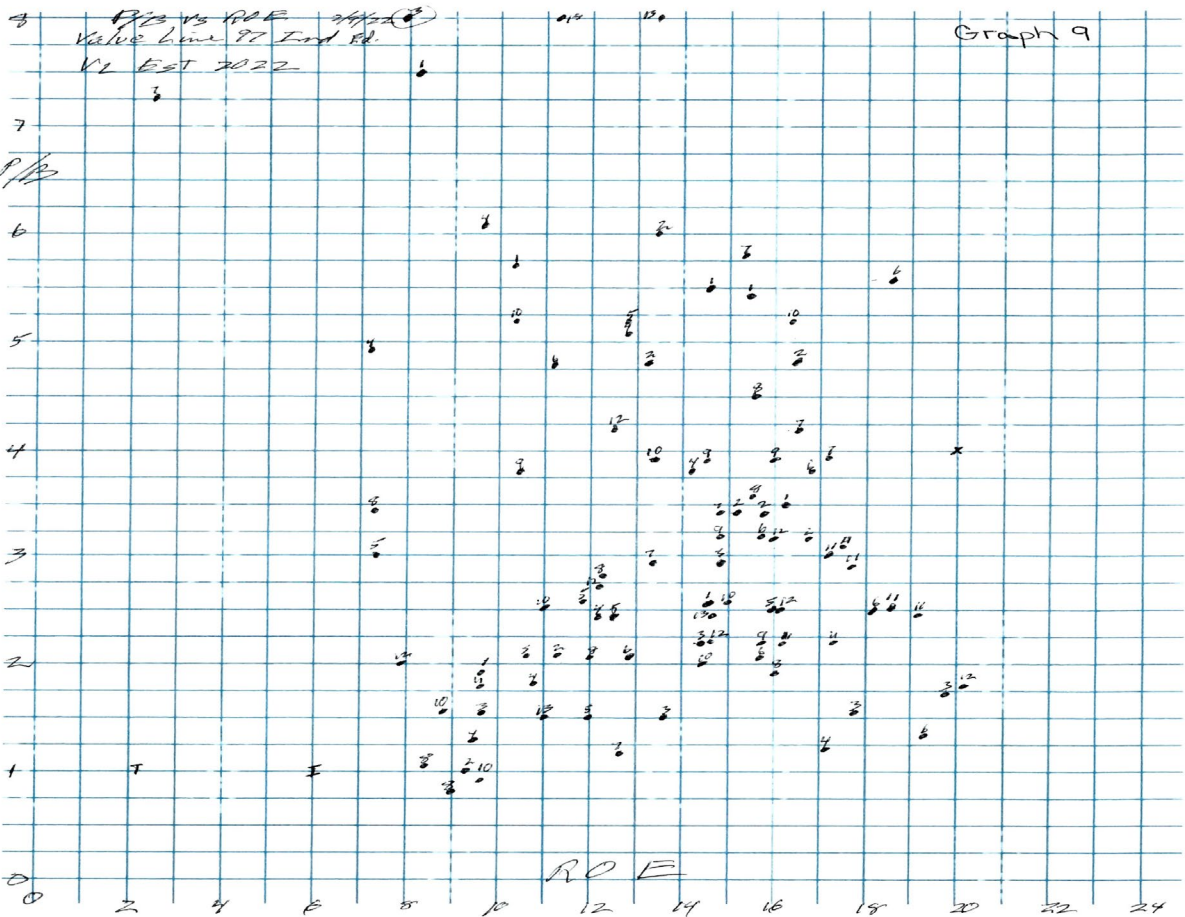


Graph 38

$$\text{Price/Book} = a(\text{ROE})^2 + 1.35$$



A Structure for Evaluating Common Stocks – Graph 8



P/E VS YIELD
Value Line P/E Ind. Ed.
VI Est 2022

Graph 10

P/E

7

6

5

4

3

2

1

0

2

4

6

8

10

12

14

16

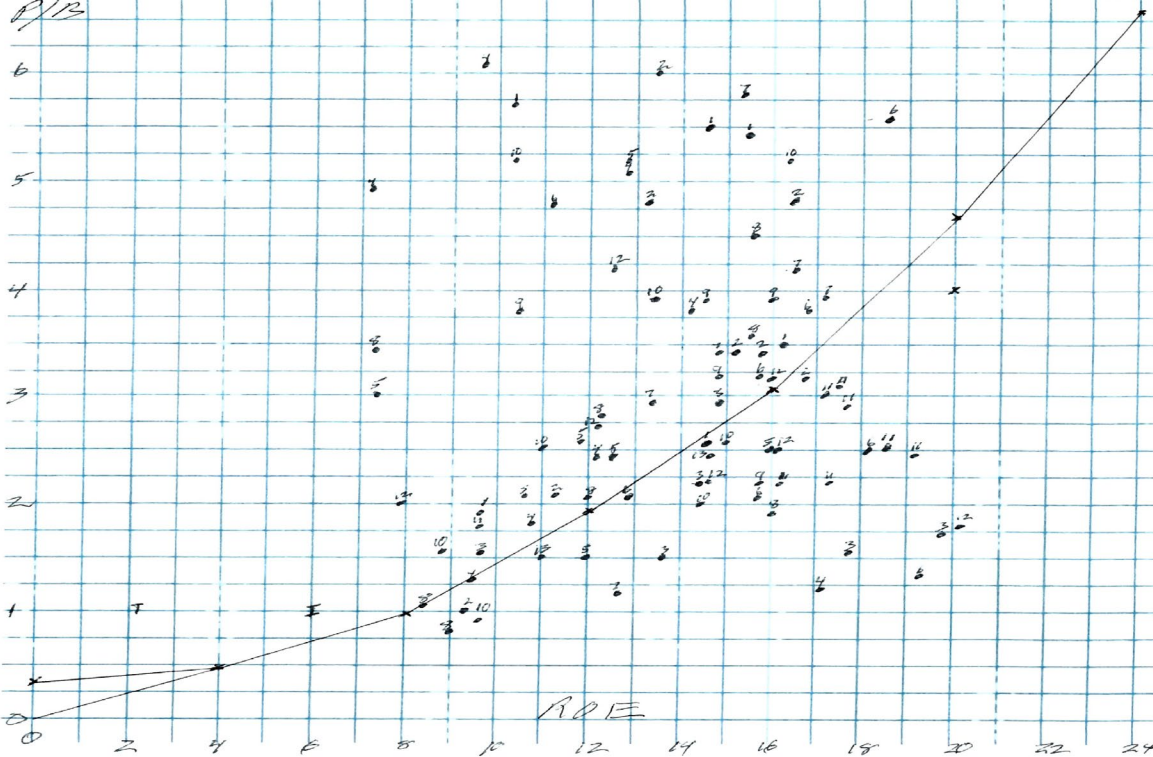
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20

22

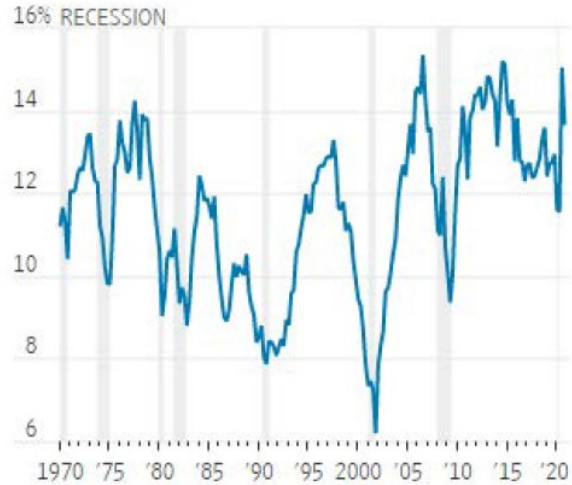
24

ROE



A Structure for Evaluating Common Stocks – Graph 10

U.S. nonfinancial domestic corporate profit margin*



*With inventory valuation and capital consumption adjustments

Source: Federal Reserve Bank of St. Louis

Found in the Wall Street Journal 2022.02.06 in "What We Don't Know About the Stock Market"



Muhlenkamp & Company, Inc.

Employment Costs (W-2: Married Filing Jointly; No Dependents)

Employee's Deductions	January 1996	January 2006	January 2019
Gross Wage ¹	\$36,000	\$40,000	\$48,000
FICA	2,754	3,060	3,672
• Social Security (6.2%)			
• Medicare (1.45%)			
Federal Withholding	3,626	2,714	2,834
PA State Withholding	1,008	1,228	1,474
PA State Unemployment Insurance (PASUI)	11	36	29
Occupational Tax	10	10	N/A
Local Services Tax	N/A	N/A	52
Local Earned Income Tax	360	400	480
Employee's Take-Home Pay	\$28,231	\$32,552	\$39,459
Employer's Costs			
Gross Wage	\$36,000	\$40,000	\$48,000
FICA	2,754	3,060	3,672
• Social Security (6.2%)			
• Medicare (1.45%)			
Health Insurance	4,207	13,765	19,819
PA State Unemployment Insurance (PASUI)	167	267	772
Federal Unemployment Tax (FUTA)			420
Employee's Cost to Company	\$43,128	\$57,092	\$72,683
Pension/Profit Sharing Contribution ²	9,000	10,000	12,000
Employee's Cost to Company	\$52,128	\$67,092	\$84,683
Ratio of Employee's Cost to Company to Employee's Take Home Pay			
Pre-Profit-Sharing Contribution	1.53	1.75	1.84
Post Profit-Sharing Contribution	1.85	2.06	2.15

¹ Based on the U.S. median income.

² Based on maximum allowable by law: 25% of gross wages.

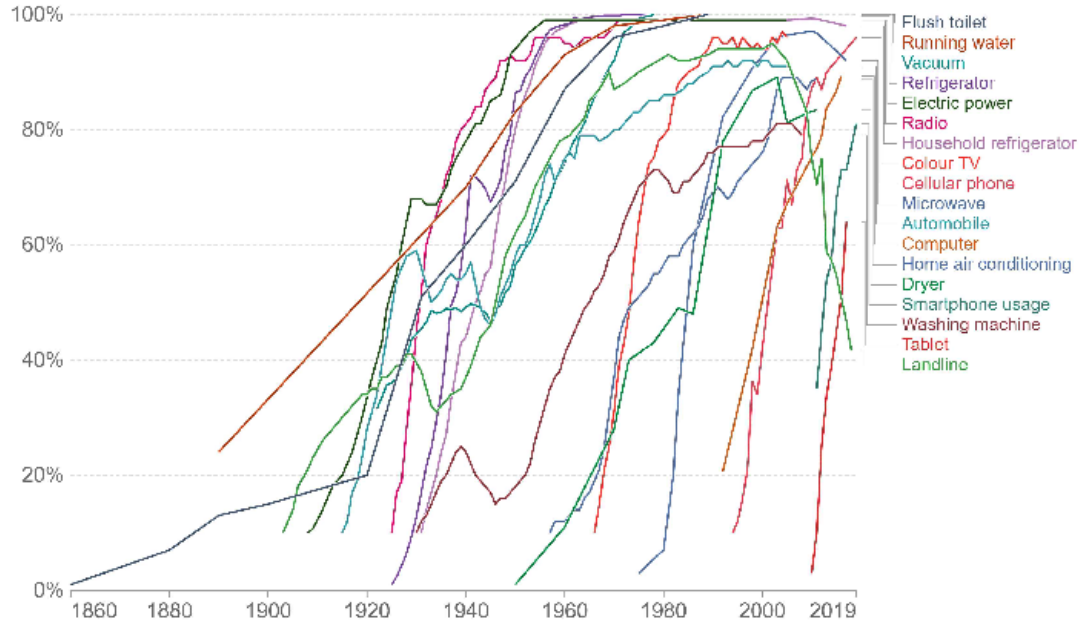
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Employment Costs

Share of US households using specific technologies, 1860 to 2019

Our World
in Data



Source: Comin and Hobijn (2004) and others

Note: See the sources tab for definitions of adoption rates by technology.

OurWorldInData.org/technology-adoption/ • CC BY

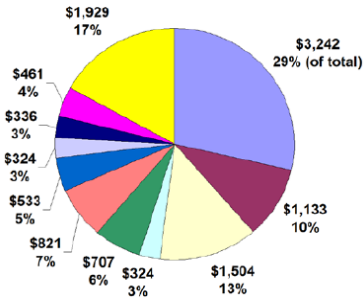
U.S. Personal Consumption Expenditures Per Capita 1950, 1980, and 2010

(Real 2010 dollars)

1950

Population: 151MM

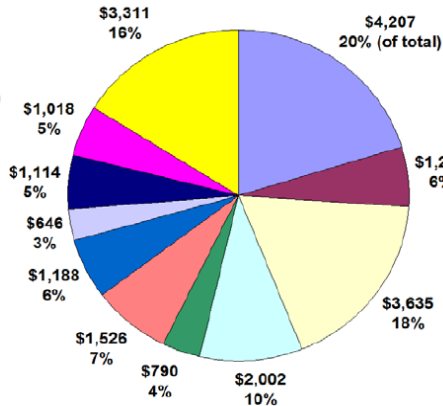
Total: \$11,313



1980

Population: 227MM

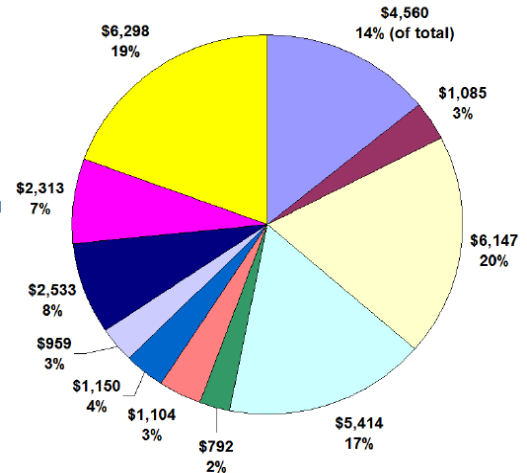
Total: \$20,638



2010

Population: 308MM

Total: \$32,354



Source: Bureau of Economic Analysis

Food	Clothing and shoes	Housing and utilities
Health care	Furniture and household equipment	Motor vehicles and parts
Gasoline, fuel oil, and other energy goods	Transportation services	Financial services and insurance
Recreation goods and services	Other	



We have included a copy of this slide show and some of Ron's favorite documents on our website for your reference.

Visit our Blog or go straight to:

<https://muhlenkamp.com/rons-charts-2022/>

The opinions expressed are those of Muhlenkamp and Company and are not intended to forecast future events, guarantee future results, or offer investment advice.



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